Report to the
San Luis Obispo County
Board of Supervisors

GROWTH MANAGEMENT STRATEGIES AND POLICIES FOR THE FUTURE OF SAN LUIS OBISPO COUNTY

Volume II

Prepared by
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Background Material on Growth Management
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1. Deakin, "Growth Controls and Growth Management: A Summary and Review of Emperical Research".

2. Fulton, "In Land-Use Planning, A Second Revolution Shifts Control to the States".

3. Radovich and Smith, "Crusade Against Growth".

4. California Planning and Development Report, Special Report on Growth Control in the State., July, 1988.

5. Kushner, "The Development Monitoring System (DMS): Computer Technology for Subdivision Review and Growth Management". Zoning and Planning Law Report., May, 1988.

6. Schiffrin, "The Story of Measure J - Santa Cruz County's Growth Management Program", Regional Exchange., February, 1984.

7. County of Santa Cruz - Various Growth Management and Implementation Documents:

    a. Growth Management Purpose (Chapter of General Plan)
    b. 1988 Growth Rate Recommendation
    c. 1988 Annual Growth Rate Report
    d. Status of Implementation Program for Growth Impact Study Recommendations
    e. Annual Population Growth Goal for Santa Cruz County (Chapter of General Plan)
    f. Preservation of Agricultural Lands (Chapter Sections of General Plan)

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GROWTH CONTROLS AND GROWTH MANAGEMENT: A SUMMARY AND REVIEW OF EMPIRICAL RESEARCH

Paper Prepared for the Conference

"The Growth Controversy in California: Searching for Common Ground"

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Introduction and Purpose of the Paper

Activities to control or manage growth have emerged in communities throughout California as well as in several other fast-growing areas of the country over the past two decades. A variety of approaches has been utilized, including restrictive and complex subdivision requirements, zoning regulations, and permitting procedures; caps on the number of housing units or square feet of commercial development authorized annually; urban limit lines, restrictions on annexations, greenbelts, and agricultural preserves; capital budgeting and timing ordinances; and developer exactions and impact fees. Advocates argue that these measures help to protect the environment, preserve desirable community attributes, and assure orderly, fiscally responsible development. Critics retort that they are inflationary, exclusionary, and ineffective in attaining their stated objectives, and more often than not are motivated by existing residents' desires for self-enrichment at the expense of newcomers, especially the less affluent.

What are the merits of these competing claims? The question is timely, in view of the new wave of interest in growth control and growth management that is sweeping California. Yet strong disagreements persist about the efficacy and equity of the growth-limiting and growth-directing measures being proposed. Thus it is worthwhile to review the literature on growth control and growth management 1 efforts, to summarize what we have learned about their effects and to identify the questions that still remain to be answered.

This paper presents a review and critique of selected analyses of growth control, focusing on articles that report empirical evidence. The paper begins with a brief discussion of the varieties of growth control commonly in use and the arguments put forward for and against them. Then, three issues that the growth control measures raise are given special attention:

1) Who are the constituents for growth control, and what concerns motivate them?

2) How effective are various growth control measures in attaining their stated objectives?

3) What are the economic effects of the measures?

The paper summarizes key findings on each of these matters and comments on extent to which the findings can be generalized. A final section identifies areas where significant disagreement or uncertainty persists and suggests directions for future research.

Varieties of Growth Control and Growth Management

Local governments have long used a variety of approaches to regulate development. Since the turn of the century (and in some

1. Hereafter, the term "growth control" will be used to refer both to measures that aim to exert strict control (limitations) over growth and to those that seek merely to channel growth or manage its impacts.

places even earlier), general plans, subdivision controls, zoning ordinances, and building codes have been the traditional methods of guiding growth in American cities. Over time, these devices have become more comprehensive and complex, as additional subject matters (such as transportation and public utilities) were recognized as inextricably related to land development and as additional issues (such as design quality and landscaping) were accepted as legitimate grounds for public action. Nevertheless, the traditional tools have generally been viewed as weak and lacking in significant ability to shape growth, control its timing, or deal with many of its impacts, particularly financial and environmental ones (Cigler, 1980.)

With the rapid growth of the 1950s and 1960s, a number of communities began to search for additional means of regulating development (Burrows, 1978.) Concerns over the effects of growth were particularly at issue where local governments found that demands for public infrastructure and services were outstripping their budgets for such items and outpacing their ability to deliver them even with tax increases. Faced with to crowded schools, congested roadways, and overburdened sewer and water systems, some communities altered their subdivision requirements and zoning regulations to substantially increase lot size and otherwise restrict the number of housing units that could be developed. But many other communities were more accommodating to development; rather than clamping down on the level of development permitted, they responded to concerns about the availability, quality, and financing of public facilities by expanding their requirements for developer provision of such items as streets, sewers, and parks. A few jurisdictions went further, pioneering controls that combined capital programming and finance with the timing of development approvals and made development contingent on the availability of needed facilities and services. In some instances developers were given the choice of waiting for local government to provide these services (often, in accordance with a twenty year program of expenditures) or providing them themselves.

In the '70s, concerns about urban sprawl, air pollution, loss of open space and farmlands, and energy profligacy came to dominate the public agenda. Another round of land use regulations emerged, including restrictions on annexations and establishment of urban limit lines, greenbelts, and agricultural preserves. Impact assessments were increasingly used as the basis for more extensive, and larger, developer exactions and impact fees. In some communities, debates erupted over the effects of rapid population increases, and caps were established on the number of housing units that could be authorized annually. A few places even established overall population maxima.

California communities had always been active in the growth control arena, but activities accelerated in the late '70s. After the passage of Proposition 13, California saw a particularly large and rapid increase in the use of growth control measures, initiated both by city councils and county boards of supervisors and by citizens directly. Concerns about local finances, along with taxpayer distrust of local government's management capabilities, apparently fueled many of these actions (Barbaria and Misczynski, 1980.)

Over time, other issues--particularly traffic congestion--motivated an increasing number of growth control measures. Trip generation rates were closely scrutinized, and heavy traffic generators often met with community opposition. Controls on the amount of commercial space that could be approved, once an issue that only occasionally arose in the context of a specific development proposal, appeared as a general policy in several jurisdictions during the middle years of the decade.

Today, a wide array of growth control measures is in use--an accumulation of traditional, environmental, fiscal, and capacity-related regulations. Modifying and extending the categorizations used by Burrows (1978) and Dowall (1981), the measures can be grouped as follows:

- o limitations on the level of intensity of development permitted (subdivision control, zoning)
- o stringent design and performance standards for lots and buildings (subdivision control, zoning)
- o shifting of costs from the public to the development project (adequate public facilities ordinances, exactions and impact fees, administrative fees for application review and processing)
- o reductions in the supply of developable land and/or restrictions on the locations where development is permitted (zoning, urban limit lines, greenbelts, agricultural reserves)
- o reductions of the amount of growth permitted, overall or per unit time (population caps,square footage or housing unit caps, annual permit caps).

These methods of growth control have a number of supporters, who view them as promoting efficient, environmentally sensitive, fiscally sound development and contend that the resulting complexity of the development approval process merely reflects the realities of the current situation. But implementation of increasingly stringent regulations has often proven bitterly controversial, and in several instances has produced a flurry of lawsuits. The courts, however, have for the most part ruled that growth control is within local government's police powers, as long as the regulation steers clear of an uncompensated taking of private property or a violation of due process or equal protection requirements. Legally, then, growth control has found general acceptance.

But other reviewers of growth controls have been less accepting. They point out that many of the controls have the effect of increasing housing prices, reducing incomes, and diverting development to other localities (Ellickson, 1977; Gleeson, 1979; Frieden, 1979; Frieden, 1980; Dowall, 1984.) These effects, they insist, seriously harm low and moderate income people, benefitting those who happen to already be located in the growth-controlled community but ultimately contributing little to environmental quality, since growth is merely diverted to other locations. Some have argued that restrictive land use controls and growth limitations amount to "hustles" (Frieden, 1979)--examples of a phenomenon in which an elite uses its political power and a "good line"--here, environmental protection--to exclude outsiders and benefit itself. Some have suggested, in fact, that this is an intended result--that the real reason for growth controls is to increase the property values of existing owners (Ellickson, 1977.)

How valid are these various assertions? Who are the supporters of growth control, and what motivates their behavior? How effective are the various growth control measures at achieving their overt objectives--intelligent use of land, environmental protection, efficiency of services, frugality with public funds? Under what conditions are negative effects of growth control most likely to be felt, and what is the magnitude of these effects? These questions are addressed in the sections that follow.

Characteristics of Support for Growth Control

In the last fifteen years social scientists have shown a great deal of interest in public attitudes about environmental issues, including growth. Much of the early analysis was focused on determining what kinds of people are most concerned about the environment. Using sample survey data, researchers attempted to relate environmental concern and activism to such social and demographic variables as age, social class (as indicated by education, income, and occupational prestige), residence (urban/rural), political views, and sex. Several studies probed further into the hypothesis that environmentalism and growth control policies are pursued by elites to restrict access to their communities and increase their property values (Ellickson, 1977; Frieden, 1979). An alternative formulation of this hypothesis is that environmental and growth control agendas can succeed only in homogeneous, high-status communities capable of resisting powerful pro-growth forces and deflecting unwanted growth to lower-status localities (e.g., Molotch, 1976; Logan, 1978). These studies include aggregate analyses of growth control communities, survey research on citizen attitudes, concerns, and socio-economic attributes, and case investigations of particular growth control policies and initiatives. Key findings of selected representative studies are summarized here.

Van Liere and Dunlap (1980) present a review of early (through 1980) empirical studies assessing the degree to which social and economic factors explain differences in environmental concern. In general, the studies they analyzed found that environmental concern was positively related to youth, higher social class, urban residence, and liberal ideology, but that many of the relationships were weak or inconclusive.

According to Van Liere and Dunlap, most studies found that young people tended to be more concerned about the environment than their elders, but some attributed this to young people's lesser ties to the economic system, while others concluded that it was a cohort phenomenon resulting from the emergence of the environmental movement in the early '70s and likely to continue as the cohort group aged. The social class hypothesis was supported insofar as education was considered, but associations between environmental concern and income generally failed to support the hypothesized positive relationship. Some studies found a moderately positive income effect, others found a negligible association, some found a negative association, and a longitudinal study found that the relationship appears to be changing over time. Occupational prestige was generally found to be positively associated with environmental concern, but the relationship was slight and mixed evidence was reported.

Urban residence was found in most studies to be positively associated with environmental concern, but numerous exceptions were reported, and the relationship appeared to differ both in magnitude and direction with the specific issue at hand. In addition, awareness of environmental issues was found to be more strongly related to urban residence than was support for environmental reform. Some support for a relationship between liberal views and environmental concern was found, but here too the relationships were quite weak. Data on sex-linked concern for the environment were limited and the relationships reported were small.

Overall, Van Liere and Dunlap concluded that social hypotheses provided only limited explanatory power for environmental concern, and suggested that studies focusing on the specific issues and policies in question, as well as the characteristics of the actors, were needed.

Dowall (1981) applied cluster analysis to examine the factors associated with the use of growth controls in 228 communities, drawing upon the findings of two surveys of local governments conducted in 1974 and 1976 augmented by 1960 and 1970 Census data on local government revenues and expenditures, farm activity, housing characteristics, and population characteristics. As a group, the growth control communities were found to be faster growing, wealthier, and whiter than national norms; however, eleven distinct community types were identified (along with 18 "unique" communities.) Rural towns, moderate income cities, ethnic cities, and even communities with below-average growth were well represented, while moderately wealthy and very wealthy communities were only 15 percent of the sample. Some of the wealthy communities appeared to be using growth control to maintain social and economic status, but in most other communities rapid environmental changes (including farmland conversion to urban uses and traffic congestion) and fiscal concerns were associated with growth control. Fiscal issues were especially apparent in the California cities and counties.

Baldassare and Protash (1982) examined relationships among communities' anti-growth philosophy, use of growth controls, and socio-economic characteristics. Using a survey of Northern California planning agencies conducted in 1978, they found that neither homogeneity nor income status was significantly related to anti-growth philosophy or actions. The percentage of white collar workers was found to be significant, as was the degree of local concern over development and support for government regulation. The latter factor was related to the percent white collar but only 10 percent of the variation was explained by it. In a related article based on the same data, Protash and Baldassare (1983) present a path analysis in which they test the hypotheses that, first, high percentages of home owners and white collar workers are indirect predictors of growth controls, reflecting their associations with mobilization against growth, and second, irrespective of these social characteristics or mobilization levels, past rates of growth are related to growth controls. Although the analysis offered some support for both hypotheses, overall explanatory power was quite low and the portion of the variance explained by social characteristics was small. Explicitly economic indicators--percent upper-income and degree of homogeneity--were not found to be statistically significant.

Two studies by Baldassare (1984, 1985) used 1982 survey data to explore attitudes toward growth in Orange County, California. Some 62 percent of the respondents wanted growth limited, but only 40 percent thought existing regulations were not strict enough. The most often mentioned issues were traffic and overcrowding, environmental deterioration, maintenance of property values, and taxes and spending. Among those who favored stricter growth controls, the common feature was a negative rating of community quality indicators. Demographic characteristics such as education, income, and home ownership levels were not good indicators of attitudes toward growth but did help distinguish those who expressed concern about the environment (more educated, not fiscally conservative) from those who expressed economic concerns (less educated, fiscally conservative.) A more recent survey of Orange County (Baldassare, 1987) found that concerns about community quality had widened, with traffic and growth most commonly listed as the worst problems.

Albrecht et al. (1986) surveyed residents in eight Iowa metropolitan areas to explore the growth orientations of different class groups. Their survey tested both general views about growth and views on the desirability of specific growth control actions for the respondents' own communities. In addition, it examined the possibility that occupational category differences, rather than education and income per se, were the relevant factors in growth orientations. As expected, neither education nor income was significantly related to views on growth. Consistent with arguments that environmental supporters are drawn from the non-corporate sectors of the upper and middle classes, professionals were nearly twice as supportive of a general growth control ethic as were business persons. Surprisingly, however, support for growth limitation was highest among blue collar workers and laborers. Less overall support was given for specific growth controls than for the general concepts, but the pattern of strong blue collar and laborer support and large differences between professional and business white collar workers persisted.

Johnston (1981) conducted four case analyses of growth control communities, two involving growth rate controls and two concerned with phasing and location. He found that tax minimization and quality of services were the chief motivations for controls, followed by concerns about agricultural protection, traffic, and views. No evidence of intent to exclude lower-income groups or protect property values was detected.

In a study of Riverside, California's Measure R (limiting residential development), Gottdeiner and Neiman (1981) surveyed a sample of registered voters after the election. They used discriminant analysis to categorize Measure R opponents and supporters with respect to a large number of indicators, including measures of social and economic status, economic security, attitudes toward local government, interest in environmental protection and other public policy concerns, community commitment, and political views and activism. They found that Measure R support was related to support for protection of the local environment, a belief in government activism in the provision of services, concern about government's handling of land use issues, and better information about the measure itself. Support was not related to income, financial or employment security, or educational attainment. Furthermore, neither supporters nor opponents saw the issue in terms of its effects on housing supply.

A similar study (Neiman and Loveridge, 1981) focused on Riverside's earlier Measure B (which would have rezoned land for agricultural uses only and restricted permit issuance until public service standards could be met). No relationship was found between social class and level of support for the environment generally; however, with regard to the specific measure (which had been forcefully opposed by development interests as anti-working class and anti-minority) there was markedly less support among lower-income and lower-education voters. Thus, the authors argued, both the specific issues at hand and the nature of the campaign appear to be critical to outcomes.

Deakin (1987) examined the use of development exactions and impact fees through a combination of telephone surveys and case studies. She found that both pro-growth and growth-management localities used exactions and impact fees, but the pro-growth localities were more likely to have standardized, fast-turnaround approaches to their application. The most common reasons for exactions and fees were to permit growth to continue without burdening existing taxpayers, and to fend off growth opponents.

Taken together, these studies suggest that support for growth control is a complex phenomenon strongly related to perceived environmental quality problems and, to a lesser extent, to concerns about taxes and government spending. Little confirmation has been found for the argument that growth control support is limited to members of the upper and middle classes, or that it is motivated primarily by desires for exclusivity. The research indicates the need to differentiate general attitudes toward growth from public sentiments about specific growth control proposals, and to pay attention to the context in which those proposals arise.

Several cautions are in order. First, many of the studies on growth control attitudes and motivations suffer from problems in study design, sample size, data quality, and/or statistical significance. Few studies differentiate the various kinds of growth control measures being used or contemplated, despite evidence that such specifics are important to outcomes. Most examine a limited number of indicators of change in the environment (e.g., changes in the numbers of housing units or acres of farmland) although a much wider range of community and environmental indicators has been identified as influential. Several of the reported studies are based on a limited number of cases, on non-random samples, and/or old data, raising questions about their interpretation and generalizability. Problems of multicollinearity restrict the interpretation of some findings. While statistically significant correlations have been identified, overall explanatory power remains low. Questions about the stability of attitudes and motivations over time have been given practically no attention. These concerns suggest that the findings presented here should be looked upon as tentative and partial.

Second, even if it is correct to state that growth control activities are motivated by real growth pressures and real environmental problems, one cannot dismiss the possibility that the linkage between growth control and those problems' management may be weak. Nor does the absence of intent to discriminate against newcomers mean that the overall effect of discrimination is absent. These issues are discussed in the following sections.

Effectiveness in Achieving Intended Results

Growth control measures' stated objectives are, variously, to reduce public sector costs of providing infrastructure and services, promote compact growth, manage traffic levels, preserve farmlands, and in other ways improve overall quality of life for community residents. To what extent do these desired results actually occur?

At one level, the answer is obvious. Numerous examples of protection of sensitive lands, preservation of open space, private financing of public infrastructure, encouragement of infill development, and successful commute alternatives programs can be found. Yet broader questions of effectiveness--whether the programs are working as intended, are scoped appropriately, and have reasonable benefit-cost ratios--remain largely unaddressed. Relatively few systematic evaluations at this level of analysis have been carried out.

This lack of analysis, in turn, reflects the extreme challenges which a broad evaluation of growth control measures would present. Assessments would need to control for changes in largely exogenous factors (such as the rate of growth in the national and regional economies, demographic trends, and so on); reflect local market conditions (supply and demand); account not only for primary effects but also for secondary impacts and cumulative effects of the measures, both intended and unintended; recognize the possibility of differential short- and long-run effects. The time and money costs of carrying out a carefully structured study of this sort are large, and the complexity is daunting.

Nevertheless, there are several studies which provide instructive if partial insights on the impacts of growth control measures. In this section, studies focusing on the achievement (or lack thereof) of intended benefits are reviewed; the important issue of secondary, unintended impacts is discussed in greater detail in a later section.

A number of the published reports on the effectiveness of growth control policies and programs are based on the ad hoc assessments of public officials, community activists, developers, and other key participants (see, e.g., pieces by Clancy, Cooper, Leach, Salmons, Stepner, and others in ULI's 1986 report.) While many of these reports reflect expert judgement and are based on knowledge of community conditions, local budgets, citizen reactions, and so on, few hard data are presented. Furthermore, little attention is paid to potentially confounding influences such as economic downturns or upturns, locally significant events such as plant closures or major new business start-ups, and so on. Thus the reports provide interesting perspective on growth controls, but are fundamentally limited as evaluations.

Academic studies of growth control's effectiveness include assessments of resident satisfaction with the programs and evaluations of specific measures' performance on specific criteria, often through case studies. In general, these studies suggest that the effectiveness of slow growth policies and programs is highly context-specific and dependent on initial expectations, which often vary across interests.

One group of studies focuses on residents' satisfaction in growth control communities. The findings appear to be quite ambiguous. For example, using national survey data together with local growth statistics, Baldassare (1981) found resident satisfaction to be higher in communities that were growing moderately than in either fast-growth or slow-growth jurisdictions. Moreover, a survey of Northern California residents suggested that those living in growth control communities were less satisfied than residents of communities with few such controls (Baldassare and Protash, 1982). Yet it is unclear whether these negative reactions are due to perceptions of growth control itself, or to the continuing presence of conditions which led to municipal growth control actions. In addition, different interest groups within growth control communities may respond quite differently to growth control. Dubbink, in case studies of the "medium-rural" towns of Bolinas and San Juan Capistrano, California, found that relatively new residents reported high levels of satisfaction with their growth management programs, while longer-term residents did not. Indeed, views of what growth management was accomplishing differed substantially; newcomers saw it as saving their community, while longer-term residents felt the towns had already been lost for all time (Dubbink, 1984.)

A second group of studies examines the effectiveness of specific growth control measures in achieving objectives such as congestion management or compact growth. The analyses typically use locally collected data from before and after the implementation of the policies/programs under investigation, along with regional data on exogenous trends and experiences in control cases, to assess the degree to which intended results have been accomplished. The literature is large and dispersed, and its findings will be illustrated by reference to case analyses of traffic mitigation requirements and/or parking restrictions imposed on new developments illustrate the issues that arise.

Evaluations have been conducted of traffic management programs in Seattle, Washington; Berkeley, San Francisco, Pleasanton, and

Walnut Creek, California; and Montgomery County, Maryland, among many other places (McCutcheon and Hamm, 1983; Deakin, 1986, 1987, 1987a; Swords, 1988; Dunphy, forthcoming.) Findings on effectiveness vary with the transportation measures used and the context, but it is clear that many programs made overly optimistic estimates of likely effectiveness. One reason for the overestimates is that planners fail to recognize the full range of alternative responses available to those whose behavior is being regulated. Deakin's studies, for example, indicate that commuters can and do find numerous ways of getting around programs intended to limit their auto use--for example, by parking in uncontrolled spaces on residential streets to avoid parking charges or supply constraints at their places of employment.

In addition, planners often take too narrow a view of the problem, focusing on the traffic increment added by growth but ignoring the increases attributable to existing residents and employees. Downs (1988), among others, contends that growth controls are unlikely to affect traffic levels much, and then only in the short run, because trip-making per capita is increasing. This point is illustrated by Swords' analysis of a Walnut Creek initiative which tied future development approvals to intersection level of service standards; a significant and growing percentage of the city's traffic was non-local and therefore unrelated to the city's growth stance (Swords, 1988.)

Studies of other growth control strategies have found similar problems of too-narrow problem specification, overly optimistic expectations of compliance, and lack of attention to the potential for unintended responses and results. An analysis of Vermont's Act 250 found, for example, that a considerable amount of activity was designed to bypass the law's provisions, which focused on mitigating adverse community and environmental impacts of large scale development; small projects proliferated (Daniels and Lapping, 1984.)

Because the effectiveness of growth control measures is so context-specific and the direct evidence is so sparse, it is risky to draw sweeping conclusions. Yet two points deserve repeating. One is that predictions of growth control's benefits often exceed performance, because the full range of possible responses is not considered in advance. The other is that one person's benefits may be another's loss. These points provide a framework for the next section, in which costs of growth control are considered.

Costs of Growth Control

Concerns about potential discriminatory effects on low and moderate income households, young adults, and minority populations have stimulated a large and sometimes hotly debated literature on the costs of growth control policies. Most studies focus on the effects of growth control on housing, particularly for "starter" homes, but a few have also examined the effects on commercial properties, jobs growth and income.

One group of studies starts from concern over skyrocketing land and housing prices--a phenomenon which is widely recognized as a problem, although there is some dissent (see, e.g., the paper by Weicher, the response by Freiden and Solomon, and Weicher's reply, 1977). The question is, to what extent do land regulations contribute to this price inflation? In markets where demand for land and housing is strong, sellers can pass a substantial portion of their added costs forward to consumers--ultimately, home owners and renters. Thus, if land regulation costs are high, housing prices and rents can be expected to reflect those costs, and thus to price some households out of the market--especially if regulation is widespread, so there is little ability for demand to spill over into nearby locales.

Land regulations can add to land and development costs both directly and indirectly. Dowall (1984) points out that city policies can affect the price of developable land by reducing the physical supply (through purchase, prohibition on annexation, denial of services, etc.) and/or by restricting its development potential (through zoning and plan restrictions). In addition, cities can add to the costs of development by loading on requirements for on- or off-site subdivision improvements or impact fees, lengthening the time needed to obtain needed approvals and permits (hence upping interest costs, taxes, inflation costs, and overhead), and charging steep fees for permit processing and issuance. In the Bay Area, Dowall estimated that these items added some 20-35 percent to the price of new housing. He notes, however, that the magnitude of the effect will depend not only on the direct costs, but on the nature of the land and housing markets, land ownership patterns, and demand elasticities.

Dowall's work also recognized a number of indirect consequences of land regulation on housing costs. When growth controls restrict the ability of developers to respond to demand, prices will rise; in the longer term demand will either spill over into other communities or will be cut off by high prices. Similar effects can occur when complex and time-consuming regulatory processes restrict the products that can be offered, limit entry of new firms, or make it easier for certain land holders to exert monopoly power in a particular market. Finally, market reorientation (usually to a higher cost product) may result from requirements emphasizing amenities or restricting densities. Again, the magnitude of such effects would depend on the magnitude and elasticity of demand as well as the availability of close substitutes.

Several researchers have conducted analyses exploring these issues. Black and Hoben (1985), for example, investigated the effects of several supply and demand factors on price inflation for raw land and improved lots. They concluded that public regulatory, infrastructure, and tax policies were significantly related to land and lot price increases, as were population, job, and income growth. The explanatory power of regulatory restrictions was stronger for lots than for raw land, however, probably reflecting greater long-run orientation among owners of the latter.

Elliott (1981) investigated the effects of two different types of growth control--quality requirements and growth rate limits--as well as two different scales of growth control--local-only controls and extensively regulated markets. Using California data and regression techniques, he found that house prices in communities with only local growth controls cannot be distinguished from no-control communities; however, prices were significantly higher in growth control communities located in extensively regulated housing markets. In addition, controls on growth rates produce significantly more cost inflation than quality-only controls, especially in extensively regulated markets.

Schwartz et al. (1984) examined the characteristics of the houses actually built in Petaluma, California, between 1970 and 1976 (before and after the city's elaborate growth control program was instituted), as well as those built in a neighboring growth-supportive comparison city, Santa Rosa. Using a hedonic price approach, they found that small, low-priced houses nearly disappeared from Petaluma after it imposed growth control, while such houses continued to be produced in Santa Rosa during the same period. The authors attribute this to Petaluma's use of point system awards for amenities and beautification.

Nelson (1986) estimated the effects of Salem, Oregon's urban containment program. Consistent with theory, he found that it pushed up urban land prices near the greenbelt boundary while depressing nearby rural land prices.

Landis (1986) carried out case studies of the land markets in Sacramento, San Jose, and Fresno and classified them as competitive, contestable, and non-competitive, respectively, reflecting the patterns of land holdings and consumer demand in the three areas as well as differences in the ways the local governments handled growth management. Sacramento's flexible, pro-housing policies made it possible for local officials to adjust the urban boundary to accommodate housing development. San Jose, where heavy demand was coupled with a strict urban services boundary, experienced an up-market shift in the products produced and a loss of builders who had served the lower end of the market. Fresno, because of extensive land warehousing in the peripheral areas, created a noncompetitive situation when it established its growth limit line.

Several other researchers have examined the magnitude of price effects in particular markets, with widely varying results. Schwartz et al. (1986) review a number of such studies from a research design standpoint and conclude that many of the differences stem from methods that introduce biases rather than underlying differences in fact. They point out the need to adequately control for market and supply differences, including many of those mentioned above, in order to produce an accurate estimate of growth control's price effects.

In addition to methodological concerns, the starting assumptions used in analyses can be critical to the results. Two recent studies estimating the effects of growth control proposals in Southern California illustrate some of the issues that can arise. A study of the recently defeated citizen's initiative to limit growth in Orange County estimated that, in the worst case, it would produce a 35 percent increase in housing costs, a 10 percent decline in personal real incomes, and a seven percent decline in employment by 1995 (Adibi, 1988). That study, however, relied on an estimate that the initiative would produce a 15 percent reduction in overall development. In contrast, a study of growth cap alternatives carried out for San Diego assumed that impacts would be highly dependent on growth rates, that growth rates would be more strongly affected by national and regional employment growth than by housing price or availability, and that effects would depend on the redistribution of development in the city and region. With these assumptions, it was estimated that a tight cap and strong growth together could result in a (worst case) 2.5 percent increase in housing price, a 1.2 percent increase in rents, a 2.1 percent reduction in real incomes, and less than a one percent decline in employment by the same 1995 date (Landis, Kroll, et al., 1988).

Overall, there is general agreement in the literature that growth controls, and in particular growth caps and urban limit lines, can increase housing prices and otherwise have adverse effects on city and regional economies. There is less agreement on the magnitude of such increases; contextual differences, methods used, and assumptions made all can strongly color the effects. Some evidence indicates that past studies may have exaggerated growth control's housing and economic impacts. At very least, this suggests the need for careful review and critique of the methods and assumptions used in producing estimates of such effects.

A final issue is whether adverse effects of the sort discussed here can be mitigated. Miller (1986), looking at Boulder's housing policy, suggests that they can; opportunities for garden apartments and condos are still available even though low cost detached units are not being produced. Coyle (1982-83) in his review of Palo Alto is highly skeptical, however; his analysis indicates that even with a below-market-rate program, that city is unable to deliver housing opportunities to low and moderate income families, because its overall policies and procedures are so complex, costly, and slow that they create a practically insurmountable barrier. Dowall (1981) suggests a different approach in which a land monitoring system would be used to assure that demand for and supply of land are kept in reasonable balance, rather than constricted by controls.

Directions for Future Research

Overall, the empirical evidence on growth controls suggests that:

- o Growth control activity is stimulated by citizen perceptions of severe fiscal and environmental concerns, not just by elitist desires for self-enrichment and exclusivity;

- o Growth control measures have less straightforward effects on community satisfaction than their supporters appear to hope for; moreover, their success in addressing substantive problems such as congestion is often limited or mixed;

- o Growth control measures have adverse economic effects, particularly on housing prices, but the effects are probably smaller than many have thought and in some circumstances may be negligible or mitigable.

These findings point to several areas for future research and action:

o First, renewed efforts should be directed to alleviating the fiscal and environmental problems that growing communities are facing. Reducing these pressures may well reduce agitation for growth control; treating them as figments of citizens' imaginations or things that citizens simply must learn to bear will only further reduce public confidence in government.

o Second, more work needs to be done on evaluating the effectiveness of various growth control measures, so that planners and decision-makers can select policies that will do as little harm and as much good as possible.

o Third, explicit strategies to avoid or offset adverse housing impacts should be a necessary component of any growth control strategy. Without such action, the worst fears about growth control's exclusion and bias may come true, intended or not.

Most importantly, it is time to move forward to a more robust concept of growth and planning. In the words of Paul Niebanck (1984):

"...The growth management movement has demonstrated anew that planning can become the servant of the status quo and of tendencies in the society toward elitism, regressivity, environmental irresponsibility, and social isolation. But, at a deeper level, it has opened a pathway toward cultural and environmental maturity....Maturity is represented not merely by the right to control one's destiny, but more basically in the demonstrated capacity to define one's community broadly, to regard the future with respect, and to yield to deep rationality. The pathway is one in which every local community has the opportunity to become an active and influential part."

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IN LAND-USE PLANNING, A SECOND REVOLUTION SHIFTS CONTROL TO THE STATES

As growth problems transcend local boundaries, states move into a public-policy area traditionally cherished by local governments.

By William Fulton

In November, Governor Joe Frank Harris of Georgia stood up at a luncheon in Atlanta and took a step that would have been almost unimaginable for any of his predecessors. In a state where two-thirds of the counties don't even have zoning, Harris endorsed a "growth strategies" program calling for all local governments in the state to draw up comprehensive land-use plans, which would be reviewed by a series of state-created regional planning agencies.

Although much of his endorsement was couched in the buzz phrases of economic development, it was clear that Harris, a Democrat, had decided that land-use planning had become good politics even in Georgia—especially in the fast-growing Atlanta suburbs, where traffic and infrastructure problems are big issues. Harris had appointed a blue-ribbon task force on growth. He had declared that he himself must become "the state's chief planner." And he said that traditional opposition to governmental control of land had become, in essence, outdated.

"Old attitudes and ideas... are not easily changed or relinquished," he said. "That is why we must begin to develop a constituency for growth. We need to generate excitement for this cause. We must make it clear that 'growth strategies' is not some throwaway initiative."

It remains to be seen whether Harris can sell the Georgia legislature on his growth program, which includes elements dealing with human resources, education and the environment as well as land-use planning. But the fact that the governor of a state like Georgia even made such a proposal is remarkable, and indicative of the resurgent role of states in an area of public policy traditionally cherished by local governments.

Rapid economic growth up and down the Atlantic Coast during the Reagan years has led to increased public sentiment for a strong state role in growth management. In the past year, Maine, Vermont, Rhode Island and Delaware all have passed statewide land-use planning laws. Massachusetts' legislature is grappling with the specifics of a voter-mandated regional planning program for Cape Cod. Florida and New Jersey are deeply involved in implementing major statewide laws passed in 1985 and 1986, and Maryland is doing the same for a Chesapeake Bay protection law passed in 1984.

Only once before in American history has there been a widespread movement on the state level to take the initiative in land-use planning. In the early 1970s, New York, California, Oregon, Florida and Vermont imposed many land-use controls to protect rural or scenic areas from development. After the 1973-75 recession, however, the movement lay dormant—until now. "I think it's fair to say we've seen quite an amazing resurgence in the last year," says Michael Mantell, who runs the Conservation Foundation's Successful Communities program, which tracks growth management nationwide.

And there is every indication that the new wave is being driven by a much broader constituency. This time around, environmentalists are being joined by restless suburbanites, fiscal conservatives and good-government types. Says Henry Richmond, a public-interest lawyer in Oregon who has worked on land-use issues nationwide: "What's fueling state land-use reform in places like Rhode Island, New Jersey, Vermont and Maine in recent years is concern for broader issues—housing, infrastructure, urban redevelopment, economic development—and a recognition that land-use controls at the local level are one of the big keys to addressing those problems."

The result in many states is a substantial realignment of power. Land-use law is perhaps the only area of governmental concern where regulatory power is currently moving upward. With growth patterns and, especially, traffic congestion crossing local boundaries, states are stepping in and seizing some of the power. In some instances, the solution is a power-sharing arrangement, with local governments helping to create state planning goals. But the states are clearly taking more control. "In

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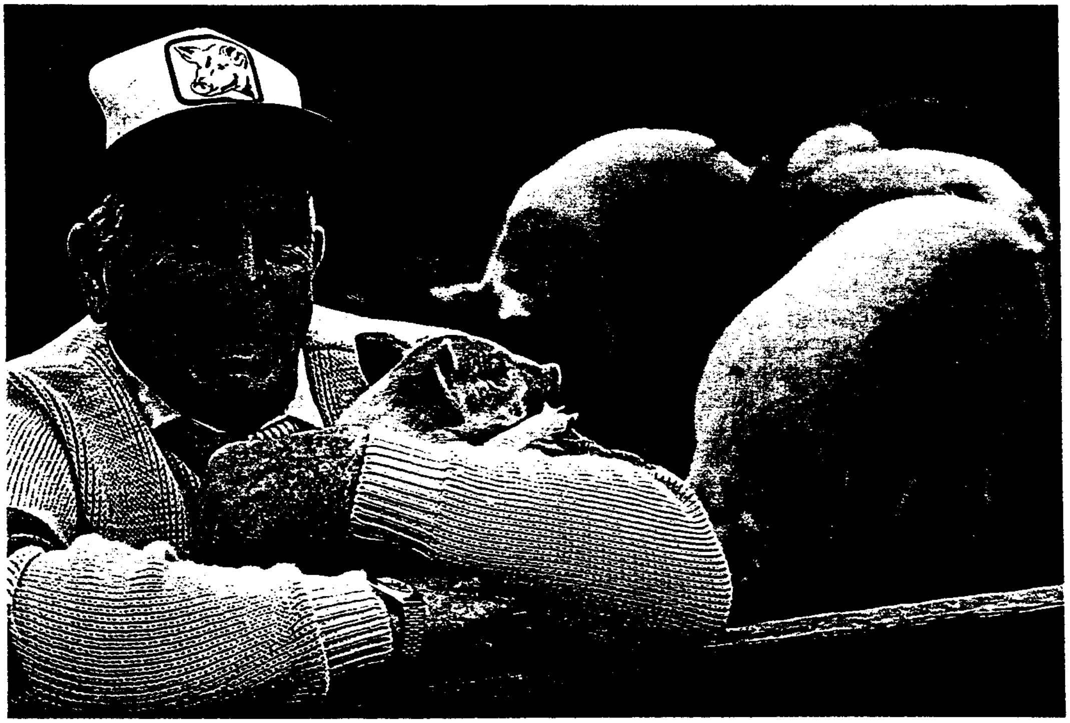
and Development Commission, and ordered it to oversee a statewide land-use planning process. Under the law, the LCDC was required to establish state land planning goals and, early on, it decided to emphasize preservation of farm and forest land, as well as the creation of "urban growth boundaries" in each of the state's metropolitan areas. All localities were then required to draw up land-use planning and zoning regulations that complied with the state goals, and LCDC had to review the plans and "acknowledge," or certify, that they complied with the state goals.



Stafford Hansell, who heads Oregon's land-use planning commission, asks planning opponents, 'How would you like it if I moved my hog operation in next door to you?'

The process of certifying local plans was not completed until 1986 and, as a result, the state planning law came under intense criticism throughout the '70s and especially in the early '80s, when it was sometimes used as a scapegoat for Oregon's deep recession. Initiatives to repeal the measure appeared on the ballot in 1976, 1978 and 1982.

Each time, the land planning advocates fended off the challenge, and one of the biggest reasons for their success, most experts in Oregon agree, was the leadership of Thomas L. McCall, governor of Oregon from 1967 to 1975. McCall, a Republican, had been among the leaders of the movement to pass the state land-use law, and in later years he never hesitated to use his political clout to protect it. He helped establish the watchdog group 1000 Friends of Oregon. And many credit McCall with single-handedly defeating the 1982 repeal attempt. Out of office and terminally ill, he nevertheless stumped the state tirelessly throughout the campaign. He died soon after.

McCall's influence also laid the foundation for a strong set of goals and the state commission's powerful administrative structure. Oregon's goals, which deal with everything from provision of housing to protection of dunes, have the force of law—meaning that the state commission can step in and take action against local governments whose land-use policies violate the goals. And the commission has not hesitated to impose building moratoria or state review of local permits when necessary.

Strong commission leadership lasted beyond McCall's tenure as governor. Typical is Stafford Hansell, a former state legislator who is the proprietor of one of the country's largest individually owned hog farms. Hansell was appointed LCDC chairman by Republican Governor Victor G. Atiyeh in the critical period after the 1982 referendum. At 75, he remains a strong advocate of state land planning. "If anybody's opposed to land-use planning, I just tell 'em, 'How would you like it if I moved my hog operation in next door to you?'" Hansell says. "That turns them into land-use planners pretty quickly."

While the state commission has won wide respect over the past 15 years, it still sometimes finds itself at odds with local governments. Currently, for example, the commission is battling with rural counties that would like to loosen development restrictions over rural lands that may not be economically viable for timber or agricultural use. The state wants to couple that action with further restrictions on "prime" farm and forest land.

Like Oregon, Vermont tried a comprehensive state planning approach as part of the Quiet Revolution. In 1970, the Vermont legislature passed Act 250, which was designed to stop the suburban sprawl that was encroaching, for the first time, on the state's scenic landscape. But Vermont's experience turned out to be vastly different from Oregon's.

Act 250 had two pieces—a permitting process, designed to minimize the environmental damage of large projects, and a planning process, which called for the division of the state into land-use categories (urban, rural, conservation) that local governments had to follow. The permitting system, which created a state environmental board and nine regional environmental boards to review projects, was put into place quickly. But the planning component of the law had more trouble.

With their 200-year history of town rule, Vermonters were suspicious of a land-use map drawn up in Montpelier. When the map was first presented to the legislature for

David Falconer/Gamma Liaison photograph approval in 1974, rural interests had rallied to oppose it because its categories made some farmland more valuable and the rest less valuable. "The place just went wild," recalls Democratic Governor Madeleine M. Kunin, then a freshman legislator. "It was very clear that this would not work." After the map was defeated three years in a row, the state environmental board stopped trying to get it passed.

'You can't handle the problems of growth within the existing governance system,' says John DeGrove of Florida Atlantic University.

When a new growth boom hit Vermont in the '80s, developers often found themselves in a fix: No plans existed to tell them where they would be welcome, but the permitting process often provided a forum for opponents to kill or delay a project. As a result, they were often dragged into a lengthy and expensive regulatory process with no assurance that they would be permitted to build. It was an important lesson about permitting programs, says Douglas Costle, the former head of the U.S. Environmental Protection Agency who is now dean of the Vermont Law School. "At best, they may stop the worst developments, or at least drag them out until they die or collapse of their own weight," Costle says. "But they're not a substitute for prospective planning, for making choices ahead of time in a more generalized fashion."

In 1987, when Kunin appointed a blue-ribbon commission on growth chaired by Costle, the commission recommended building a state plan "from the ground up." Local governments would not be required to draw up local plans, but they would be given powerful incentives to do so: planning grants, special treatment in the cumbersome regulatory process and the power to impose impact fees. Once they decided to jump into the planning fray, however, the localities would have to achieve 32 goals set by the state. The land-use planning measure barely passed late in the legislative session.

Kunin says its success is significant, not only because it corrects the problems of a permitting-only system, but because it reflects an increasing understanding that growth problems transcend town boundaries, an understanding fostered in part by 15 years' experience with regional permit reviews under Act 250. "The towns have had very strong control traditionally," she says. "But with the growth that we've seen, we have to think in regional terms."

In Florida, Brevard County and six of its 14 cities had the dubious distinction last year of being the first local governments in the state to have their land-use plans rejected by Tallahassee. In almost every instance, the problem was money. The local planning documents called upon the state to provide more money for infrastructure, especially for state highways. But the state's planners, enforcing a new growth law requiring localities to show how their infrastructure needs would be funded and requiring that it be done mostly from their own resources, refused to accept the plans.

"We have a general consensus that we do in fact need to manage growth in the state," says Mayor Bob Lawton of Cocoa Beach, one of the six Brevard cities whose plans were rejected. "But I think a lot of us are very nervous about how that concept is implemented."

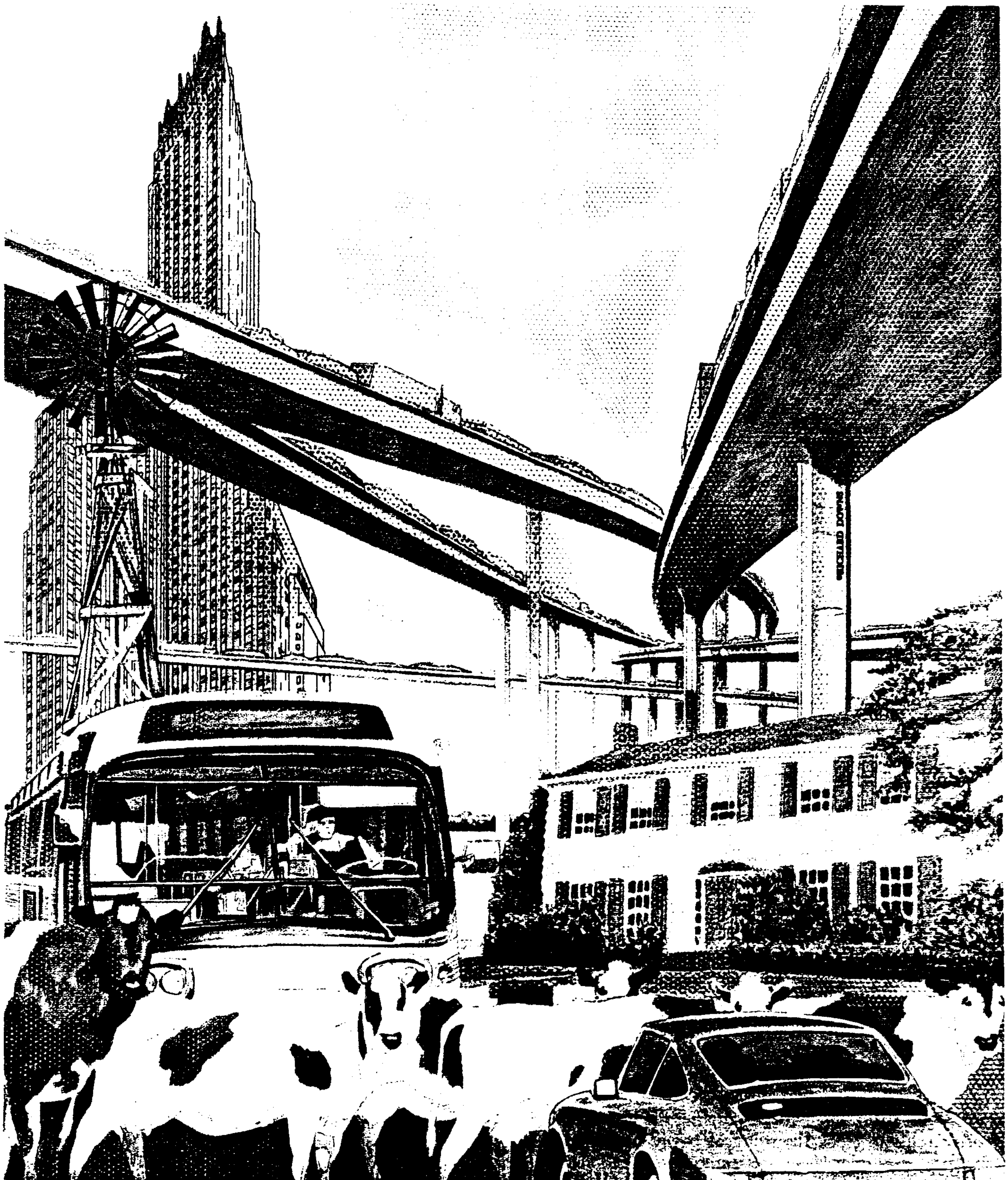
The state's 1985 growth management law dramatically altered the state-local relationship on growth issues, particularly the infrastructure funding requirements, giving the state powerful new levers to force local governments to adopt a "pay as you grow" approach. "What we've seen is a reluctance of some local governments to make those tough decisions," says Paul Bradshaw, the state official in charge of reviewing local plans.

The hard choices facing Florida's local governments today exemplify the state-local tensions over land-use issues now found in so many places. Concerned with raising tax revenue, local politicians can't be expected to carry out state or regional growth management goals. But because so much land-use power still resides at the local level, a successful state program must strong-arm the locals into making decisions they'd rather not face.

Florida learned this lesson the hard way. A 1975 law required comprehensive planning on the local level but provided few incentives and no state review. The results were predictable: Some localities did the planning and some didn't. Meanwhile, traffic congestion increased, little by way of new public facilities was provided, and a $50 billion backlog of infrastructure needs piled up.

"The legislature was dissatisfied with what the bottoms-up system had done," says Nancy Stroud, a land-use lawyer in Boca Raton who consults for many local governments. So in 1985, under the leadership of the governor at the time, Democrat Bob Graham, the state created a top-down system. Strong goals were established—including, most important, a "concurrency" requirement calling for infrastructure to be put into place at the same time that new development occurs. Regional planning agencies were beefed up, and the state Department of Community Affairs was given authorization to review local plans and reject them if necessary. The legislature has also appropriated some $30 million to fund local government planning efforts.

Alex Harper photograph



places that have substantial growth, it is clearer and clearer now that you can't handle the problems of growth within the existing governance system—which is to say, each city and county doing its thing in isolation," says John DeGrove, former secretary of community affairs in Florida and now director of the Joint Center for Environmental and Urban Problems at Florida Atlantic University.

Local governments secured their hammerlock on land controls in the 1920s, when zoning first came into wide use. Although zoning theoretically derived from a state's "police powers," it was routinely delegated downward, and many state constitutions protected local home rule.

Today, land controls remain at the top of the agenda for many local governments, simply because land deals and real estate development are usually the biggest business deals, and the major agents of change, in any locality.

Richard Downs illustration

"That's where all the fun is in local government," says Dean Misczynski, principal consultant to the California Senate Office of Research and an expert on infrastructure and land-use regulation. "It's also where the money for campaign contributions comes from."

Although Hawaii passed the first statewide land-use control law in 1961, it was the rise of environmental values toward the end of the '60s that led to the first wave of state laws, a phenomenon dubbed the Quiet Revolution by land-use lawyers Fred Bosselman and David Callies in 1971. Land speculation, second-home construction and rapid development of what had been agricultural and scenic areas led to action in many states, most of them in the Northeast and on the West Coast. Vermont and Florida required state environmental permits for large projects, while elsewhere, state agencies such as New York's Adirondack Park Agency, California's Coastal Commission and New Jersey's Hackensack Meadowlands Development Commission assumed land-use control on a regional basis. Some states also passed laws restricting the ability of local governments to block the siting of power plants, landfills and other examples of what became known as LULUs, or locally unwanted land uses. Virtually alone among mainland states, Oregon passed and implemented a comprehensive statewide land-use law.

According to Frank J. Popper, an urban planning professor at Rutgers University and author of *The Politics of Land-Use Reform*, the Quiet Revolution helped to make centralized regulation of land more acceptable to many citizens. But it didn't spread beyond the half-dozen or so Eastern and West Coast states—at least not for a while. In fact, when legislative interest in statewide land-use activity resurfaced in the mid-1980s, it was confined at first to some of these same states: Florida, New Jersey, Vermont. In the past year or so, however, what has emerged is not a quiet revolution but a quiet evolution, with states throughout the country moving into the land-use field little by little.

In many of the Quiet Revolution states, second-generation laws have created a much stronger state role in land-use planning. In states where growth management has become an issue for the first time—Maine, Rhode Island, Delaware—first-generation laws require local governments to engage in planning, and direct state control is minimal. And in Southern and Southwestern states, where opposition to land-use controls is traditionally strong, political leaders are testing the waters cautiously, sometimes combining growth management with a more politically palatable issue.

Henry Richmond is a public-interest lawyer in Oregon who has worked on land-use policies nationwide: 'What's fueling state land-use reform . . . is concern for broader issues.'

Harris' Georgia initiative, cloaked in the rhetoric of economic development, is typical. State officials in Arizona and South Carolina also have been looking into growth management. In Texas, land-use planning is emerging as a result of the politically popular move toward "impact fees," which require developers to pay for infrastructure, such as the sewers and roads that will serve their developments. Texas passed optional planning requirements for local governments as part of an impact-fee law in 1987. "The law says if you're going to do impact fees, you have to do a land-use plan," says Austin consultant James Duncan, a former president of the American Planning Association who worked on the law. Thus, several states appear headed down the evolutionary path toward state land-use controls.

What can they expect to find along that path? Based on 15 years of experience in the Quiet Revolution states, they can expect to learn three important lessons. First, as with most state initiatives, there's no substitute for strong leadership in the governor's mansion, strong and clear goals, and an administrative structure determined to carry out its mission. Second, regulatory laws that require state permits for big projects aren't good enough; prospective land-use planning must be done as well. The third lesson is also the most important and the trickiest to achieve: The states can expect a serious tussle with local officials, who will try to retain maximum control over land decisions but cannot be expected to carry out statewide planning goals.

In 1973, the Oregon legislature passed Senate Bill 100, which established a state agency, the Land Conservation

David Falconer/Gamma Liaison photograph

But "paying as you grow" in Florida usually means striking a balance among three unpopular choices: raising more money from taxes, impact fees or both; slowing development; and lowering citizens' expectations of public services. As Bradshaw points out, all three options cut against the traditional grain in high-growth, low-tax Florida. So the locals often blame the problem on inadequate state funding.

> If California is destined to create some innovative state-local relationship to deal with growth issues, it hasn't surfaced yet.

Bradshaw says that the local plans now under review have done a better job of "making the hard choices" than Brevard County's did. But state growth management leaders are not unmindful of the need to help the locals come up with more infrastructure money. "I think most local governments are willing to buy in [to growth management], but many of them don't have the resources," says Florida Atlantic University's DeGrove.

Last year, Democratic Senator Gwen Margolis, chairwoman of the Select Committee on Infrastructure and Impact Fees, introduced a bill to expand local revenue sources by a variety of means, including a repeal of the state's requirement that voters must approve local sales and gas tax increases. But Republican Governor Bob Martinez, just coming off a battle over a sales tax on services, opposed the bill. It never got out of committee.

Margolis, who vows to try again this year, says local governments need more revenue sources and tax referenda rarely pass. But Martinez will fight the no-referendum proposal again, for two reasons. First, "local governments currently have [revenue] capacity," he says, noting that some jurisdictions don't even have trash disposal fees, much less impact fees on new development. And second, Martinez, a former mayor of Tampa, says a tax election is one of the few ways to force local governments to confront the pay as you grow issue. "It gives cities in that county the opportunity to debate growth," he says. "In the absence of that process, there isn't going to be a public debate on growth."

In the world of growth management, California is hell. The traffic jams are astounding, the rate of growth is alarming, and the citizens are almost literally up in arms. Frustrated with the performance of their elected officials, Californians have gone to the ballot more than 200 times in the past two years to try to stop, slow or otherwise affect new real estate development in their communities—and most of the time they've succeeded. But hardly any of the state's 500 cities and counties coordinate their land-use planning activities.

Ironically, California was in the vanguard of the Quiet Revolution. State agencies have strong land-use planning power in Lake Tahoe, around the San Francisco Bay and along the state's 1,100-mile coast. (In fact, these early regional efforts were strong models for the laws in Oregon and elsewhere.) And California may have the most extensive set of local planning requirements of any state in the nation. But the state's slow-growth fever has produced something of a countertrend in land-use management: the reaffirmation of local primacy. While local politicians elsewhere are becoming more accustomed to state land-use powers, Californians are becoming more resistant to the idea. And Republican Governor George Deukmejian, while a strong supporter of increased transportation funding, has shown absolutely no interest in the land-use aspects of the growth issue. In these respects, California resembles Texas far more than it resembles Florida. And that may make it the ultimate test for the changing state-local relationship on land issues.

Even growth management supporters eschew a strong state role in land planning. "In my opinion, the system established in Florida or Oregon isn't going to work here," says Republican Senator Marian Bergeson, who chairs the Senate Select Committee on Planning for California's Growth and planned to introduce a package of growth management bills in February. But Bergeson and other legislators say that state, or at least regional, land planning goals must be advanced somehow. The question is how.

In California, Bergeson is pushing something she calls "home-grown regionalism," in which regional goals are determined from the ground up and implemented with state incentives. In Los Angeles, some local officials have endorsed the report of Democratic Mayor Tom Bradley's L.A. 2000 Committee, which proposed the creation of a regional growth management agency—even though regional government has virtually no history of success in this country. Bergeson expects to see 50 growth-related bills in the California legislature this year, but predicts that none will pass, including hers. If California is destined to create some innovative state-local relationship to deal with growth issues, it certainly hasn't surfaced yet.

In many ways, California's resistance to state land-use planning is far less surprising than the general trend toward more state power. Ultimately, land planning and growth management as political issues are driven by citizens' desire to control their communities as directly as possible—what buildings will be constructed in their neighborhoods and how many additional cars will be dumped onto their highways.

Centralized land planning, even on a city or county level, has often run afoul of the American desire for decentralized government. "The most basic question is: Can planning work in a democracy?" says Governor Kunin of Vermont. "We're really testing that."

If a strong state role in land-use planning is unpopular in California, can the concept really cross over into traditionally hostile states such as Arizona, Texas and Georgia? The "quiet evolution" has changed the state-local power relationships in some states in the short run. But it remains to be seen how profoundly it will change the public's views on who should control the use of land in the long run. □

CRUSADE AGAINST GROWTH

By DAN SMITH, JOAN RADOVICH and RAYMOND SMITH

The idea of an oceanfront hotel in Del Mar used to look pretty good to Duncan Osborn, who bought a home in the tiny northern San Diego County coastal city just 17 months ago.

Osborn and other residents were lobbied heavily by the hotel developer, who set up a tent on the street corner where the project would be located to show off attractive renderings of the proposal. Because of a ballot measure passed in April 1986, Del Mar voters must approve any commercial development over 11,500 square feet in the downtown area.

The hotel developer had promised to provide community meeting rooms in the hotel and donate $2 million for a badly needed city library. All of that sounded good to Osborn — until recently.

"I'm just fed up with the over-development of that strip," Osborn said. "The demands on the streets and the schools and the sewers are just out of control.

Dan Smith, Joan Radovich and Raymond Smith are staff writers for The Press-Enterprise *in Riverside.*

"The developers are selling the community's lifestyle for their own profit. Enough of these guys come in, and we don't have any lifestyle. Is a library really worth selling out the very reason you came to the community?"

On Sept. 22, enough of Osborn's neighbors agreed with him. The project was stopped at the ballot box.

In record numbers, growth-control groups in counties and cities throughout California are proposing ballot measures designed to limit residential and commercial development. And they are winning a majority of the battles, despite being consistently outspent in the campaigns by development interests.

On the Nov. 3 ballot, 15 of 17 local measures aimed at controlling growth passed, while only 6 of 21 measures classified as pro-growth were approved, according to the California Association of Realtors.

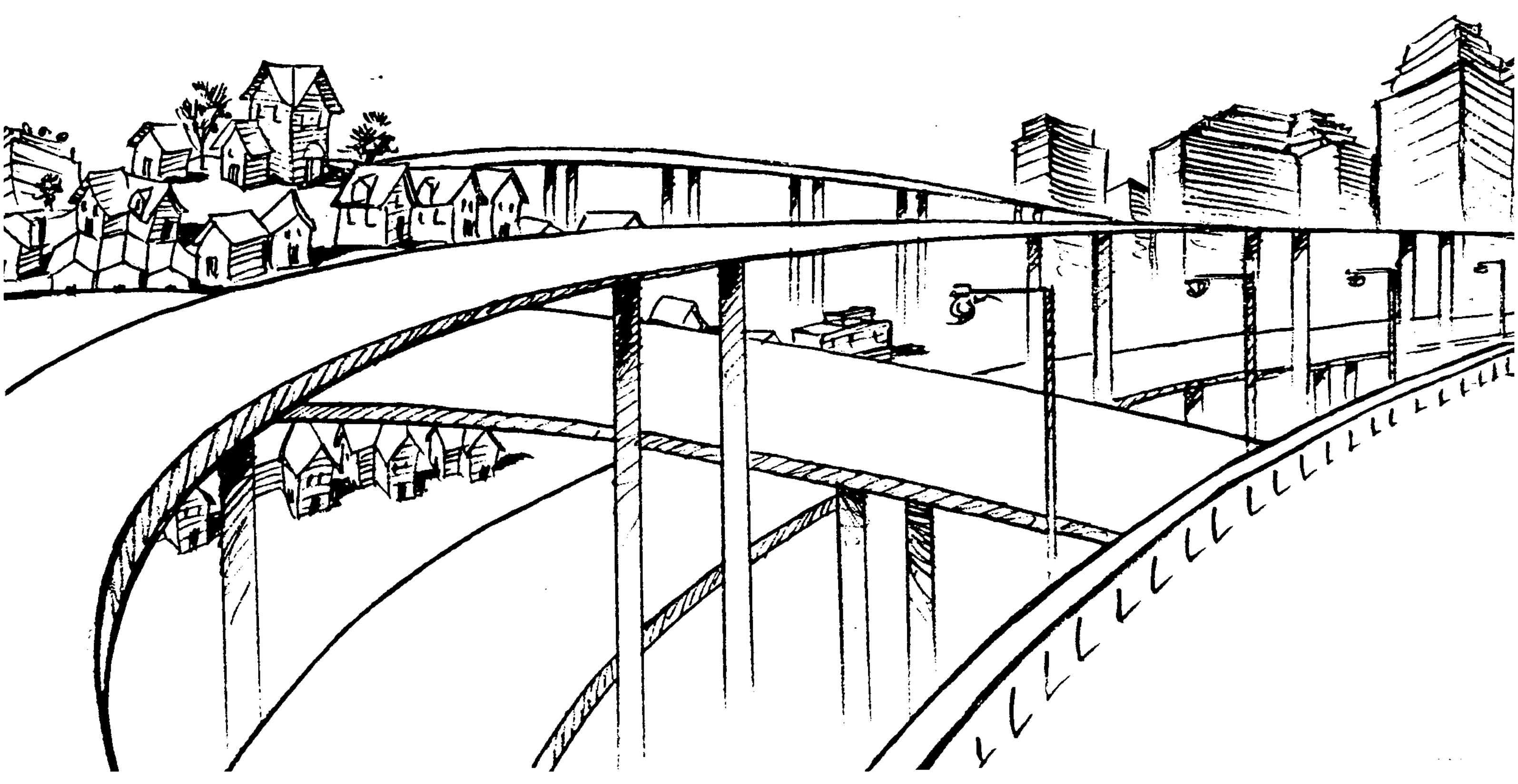
The movement has not escaped the attention of local politicians. City councils and boards of supervisors have responded, often with temporary building moratoriums, and sometimes with growth-control laws of their own. The careers of politicians, such as Los Angeles City Councilwoman Ruth Galanter, have been launched with growth control as an issue.

Experts agree traffic is the primary inspiration behind growth-control movements in California, although concerns about water supplies, air quality, overcrowded schools, growing mountains of solid waste, overtaxed sewer systems, loss of open space and conversions of agricultural land also play a role.

But the movement might cause nothing more than a big shift — a game of musical chairs, where growth is pushed from one area of a region to another, following the path of least resistance. One answer for the future may be regional growth control — an idea afforded little chance of succeeding.

Who is to blame for the problems that have spawned the flurry of ballot-box planning?

The majority of local growth-control campaigns point the finger at "greedy developers" and unresponsive local officials. Developers label growth-



The main war cry in California these days is: 'Stop growth.' Blaming traffic congestion on development, most communities join the chorus. If NIMBYs (Not in My Back Yard) win their fight, who are the losers?

control activists as "NIMBYs" (Not In My Back Yard), and say NIMBYs' reverence for their own property values inspires the emotional campaigns.

Still other culprits could be Howard Jarvis and Paul Gann. Their tax-slashing crusade with Prop. 13 and Prop. 4 shifted the burden of providing public services away from the property owners and have made financing public improvements increasingly difficult for local governments.

At the heart of the growth-control movement is a state population that could expand by 47 percent — from 27.3 million to 40 million — by the year 2020, according to a legislative report.

Estimates for 1987 place the number of people in nine counties in the San Francisco Bay region (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma counties) at 5.7 million. By the year 2005, that figure will climb to almost 6.7 million.

Population in the area that includes Sacramento, Sutter, Yuba and Yolo counties as well as part of Placer grew from 900,000 in 1973 to about 1.2 million today. The population is expected to climb to 1.7 million by the year 2005.

While the growth-control movement began in the north, it has moved southward in the late '70s and 1980s.

Southern California's seven counties (Los Angeles, San Diego, Orange, San Bernardino, Riverside, Ventura and Imperial) have seen their combined population jump by 23.4 percent, from 12.6 million to 15.6 million, since 1977. The number of homes and apartments has grown by similar percentages.

"Our growth rate is about twice the national average, which is phenomenal" for an area with 15 million people, says Dennis Macheski, principal planner with the Southern California Association of Governments. In the next 24 years, SCAG projects, the population in Southern California will increase by 5½ million — about the size of the San Francisco-Oakland-San Jose metropolitan area.

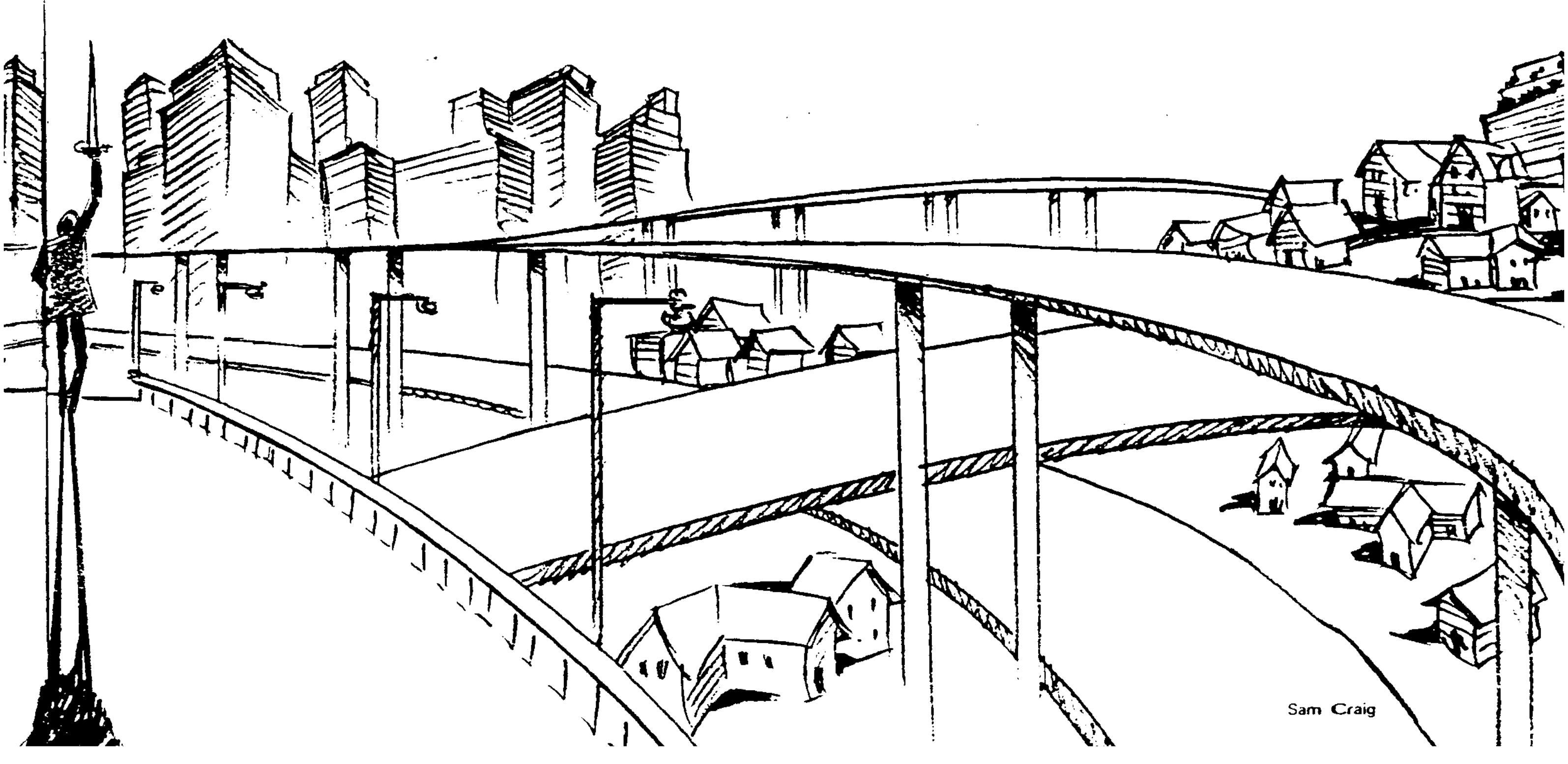
Some examples:

✔ In Maywood, a 1.4 square-mile city on the Los Angeles River in the heart of the L.A. urban area, new residents — many of them Hispanic immigrants — are literally living on top of one another, according to city officials.

Even though nearly all property in the city has been developed since the mid-'70s, Maywood's population increased 19 percent since 1980. With zoning throughout the city allowing multi-family development, two and three houses now stand on 50-foot-wide lots where only a single home existed previously.

✔ In nearby Monterey Park, an increase in Asian population has affected the housing market — and the city. "With the influx of immigration, there's been a strong trend to tear down single-family homes and build condos," says Margo Wheeler, a planning administrator for the city. "It's changed the complexion of our neighborhoods."

✔ A poll of 300 developers at a recent Los Angeles meeting of the Urban Land Institute found 43 percent are dealing with some type of building moratorium. Sixty-two percent believed the public's attitude toward developers is deteriorating. And 88 percent cited traffic problems as the primary cause for the entire phenomenon



Busy in the ballot box

The ballot box has become an increasingly common way for residents to respond to concerns about growth.

Madelyn Glickfeld, a Malibu planning consultant and California Coastal Commissioner, estimates that there were 173 land-use planning measures on ballots in the state between 1971 and 1987 — with about 53 measures last year alone.

Growth-control ballot measures come in several different forms. Citizens' groups gather signatures on petitions for initiatives and referendums, and boards or councils can place measures on ballots themselves.

While the initiative movement in the 1970s often centered on concerns that open space was vanishing, ballot measures this decade are focusing on life in urban areas and attempting to deal with such problems as traffic congestion and poor air quality, according to Glickfeld.

The measures have limited residential building permits, set aside areas for agricultural protection, zoned lot sizes on hillsides and required commercial development proposals to be approved by voters.

Kerry Morrison, director of local governmental and political affairs for the California Association of Realtors, attributes the boom in initiatives to the upswing in the economy.

"We came out of a recessionary-type economy in 1982, and building activity started to increase each year after that," Morrison says. "We see a correlation in the rise in residential construction activity and renewed interest in the initiative movement to control growth."

Steve Yeater

Still another suspect in the escalation of growth control wars is Prop. 13, the Jarvis-Gann initiative of 1978 that limited local governments' ability to raise taxes to provide the infrastructure for growth.

"It's been in the last five years they didn't have money for schools and had to go to temporaries," says D. Dwight Worden, a Solana Beach attorney who has penned several growth-control initiatives in San Diego and Riverside counties. "And it's been in the last five years cities haven't been able to build new roads or repair them."

Many local governments turned to developer fees to pay for those public services, but that hasn't solved the funding problem. "I don't care how hard you squeeze a developer, you're not going to pay for everything," Worden says.

While State Schools Chief Bill Honig is leading a statewide initiative drive to liberalize the Gann spending limit, Prop. 4, to allow more state spending on schools, he believes Prop. 13's restrictions on local tax increases must be repealed to solve the school building crisis in rapidly growing districts.

Park and wildlife groups throughout the state are circulating petitions for a June statewide election to sell $776 million in bonds for land acquisition.

The effort, says consultant and former state Park Director Peter Dangermond, is evidence that growth-control movements have heightened awareness that California must preserve open space.

Indeed, Californians' attitudes toward charging themselves to pay for public services may be shifting from the tax revolt of ten years ago. A recent California Poll showed 71 percent were willing to raise local taxes if a specific purpose for the money is listed.

Peter Detwiler, consultant to the state Senate Local Government Committee, agrees. "When ballot-box planning issues go before the voters, they say, 'I just spent an hour on the freeways, and that drive used to take me 20 minutes,'" Detwiler says. "By and large, our voters are very upset. They know something's going on and they don't like it."

SCAG predicts the average speed on the Southern California freeway network will drop from 35 miles per hour to 19 miles per hour in the next 24 years.

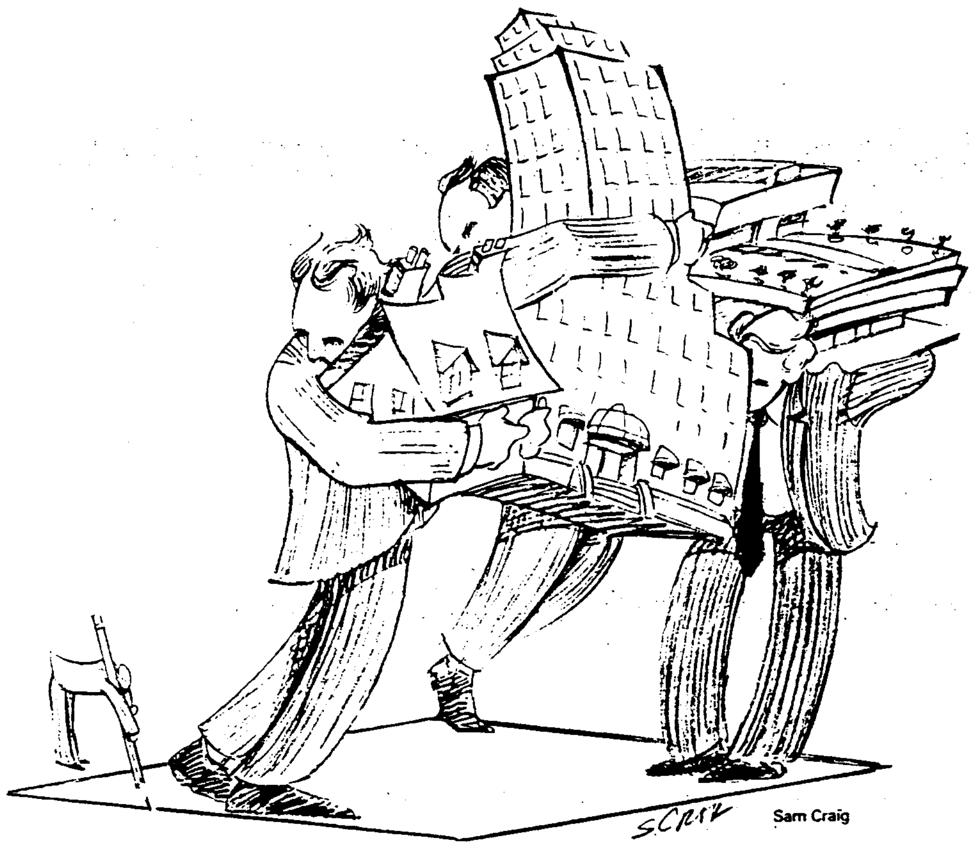
In the San Francisco Bay area, the bay itself causes that region's worst traffic problem. Many workers who commute to San Francisco for high-paying jobs retreat at night to suburban homes, where housing is more affordable.

"Having the bay, there are only so many ways to get around it," says Patricia Perry, a planner with the Association of Bay Area Governments. And while a milion people will be added to the area by 2005, highway capacity is not expected to increase significantly, she says.

Jeff Georgevich, also a planner with ABAG, says freeway congestion continues to worsen during rush hour in the morning and especially in the afternoon. "We can't solve the problem," he says. "All we can try to do is keep it from getting too terribly worse."

In the Sacramento region, planning experts predict that vehicle miles traveled will increase at least 55 percent in the next 20 years. Travel increases could jump as much as 100 percent if the number of daily trips per household and average trip length continue at their current pace, planners say.

State lawmakers, unwilling to increase the state gasoline tax, have yet to agree on a financing plan for major improvements, shifting the responsibility to counties by authorizing local sales-tax increases for highway improvements. Toll roads, once the dreaded alternative suitable only for Eastern seaboard states, also are under



Sam Craig

water the MWD can import from the Colorado River.

Waste management. The 37.5 million tons of trash Californians pile up each year will fill the state's landfills in 14 years, predicts the California Waste Managment Board. Capacity in Southern California landfills will be exhausted in 1996, while Bay Area dumps are expected to last through 2007.

Experts believe incineration facilities that produce electricity in the waste-burning process probably are the best long-range solutions. But proposals for the facilities often meet with stiff opposition from residents and local officials concerned about air quality.

Companies who want to build the plants will have to educate residents to ease their fears, says Chris Peck, a Waste Management Board spokesman. "It's going to take a certain amount of selling, there's no doubt about that," he says.

California currently has only one facility that burns garbage to create energy. It is in the city of Commerce and incinerates 300 tons of waste each day. Two others are under construction, at Terminal Island in Los Angeles and in Stanislaus County, and are expected to begin operations in 1988 or early 1989, according to Peck.

Although Californians are becoming more aware of the problem, garbage is not a high-priority issue with most people. But someday that might change, Peck says: "What happens when you come home from work and you go to pull your garbage can to the back yard — and it's still full?"

consideration in Southern California.

Critics argue that the local taxes will create a patchwork system of highway improvements that will fail to deal with regional transportation woes.

Voters in San Diego, Fresno, Santa Clara and Alameda counties have approved the taxes, while those in Contra Costa, San Bernardino and Orange counties have turned them down.

Ironically, when Orange County sought to increase its sales tax for highway expansion, growth-control advocates opposed it, saying better roads would only lead to more development and more people.

Second to highway snarls as growth-control impetus is school overcrowding. Superintendent of Public Instruction Bill Honig predicts the state's schools can expect 840,000 new students in the next five years. At present, the districts have $11-billion worth of building needs.

Further frustration centers on the alienation of suburban, commuter-parents from local school systems. They have transplanted their families in new communities while traveling 50 to 100 miles one-way to jobs. The result is a sharp decrease in parental participation in school matters.

The phenomenon is best illustrated in Moreno Valley. Located in western Riverside County, the three-year-old city of 65,000 is one of the state's fastest-growing, populated largely by transplanted Orange and Los Angeles county residents-turned-commuters. Despite a school system that is overcrowded, November's school board election drew only 9.7 percent of the district's registered voters.

Honig is at a loss. "I don't know if it's that their heart is still where they came from, or whether the communities are having trouble growing roots."

There are other infrastructure factors in the growth-control phenomenon:

Water. Growth is straining supplies as well as the facilities necessary to deliver the water. And water districts have little say in land-use decisions.

"All we can do is do the best job we can to meet the demand, and keep those agencies that do have the power aware of our ability to meet the demand," says Jay Malinowski, a spokesman for the Metropolitan Water District in Los Angeles.

MWD officials believe water shortages could become critical around the turn of the century, after the Central Arizona Project is completed. That will significantly lower the amount of

An underlying component in the trend toward growth-control initiatives is a dissatisfaction with the way land-use planning and growth are handled by local government. "I think basically voters are evidencing a real discontent with the local planning process, and they want to take it over themselves," says Madelyn Glickfeld, a Malibu planning consultant and member of the California Coastal Commission.

Disgruntled residents used to view the initiative and referendum process as a last-ditch attempt to get their way. "I'm beginning to see in many communities — and especially the small communities — it's looked at as the preferred tool," Glickfeld says.

But even in Los Angeles, the state's largest city, growth-control advocates on the west side forged a citywide coalition to pass Prop. U in November 1986 to limit density on commercial and industrial property.

Members of growth-control groups often enter politics only after they have fought a land-use battle in their neighborhoods and are shut down by local government officials. "It's usually a series of things that lead up to it, and it's usually one project that broke the back," says D. Dwight Worden, a Solana Beach attorney and author of several growth-control initiatives.

Last spring, L.A. City Councilwoman Galanter used the Los Angeles growth battle to wrest a westside council seat from its entrenched incumbent, Council President Pat Russell, who residents believed had become too tolerant of development excesses. And Councilman Zev Yaroslavsky will attempt to build on his growth-control reputation in an expected mayoral battle with Mayor Tom Bradley in 1989.

Growth-control advocacy attracts a diverse group, joining together "old, retired, hard-core Republican types with long-haired, liberal, hippy Democrats and everything in between — and they see eye-to-eye," says attorney Worden.

One theory is that the so-called NIMBYs are made up mostly of new residents who may have just seeded their back yards. Scott Bollinger, who is leading a growth-control movement in Ventura County's Oxnard after moving from Santa Monica only three years ago, says there is logic behind the efforts of new residents. "We're only trying to prevent from happening here what we've seen happen in Los Angeles and Orange counties," he says.

Many residents see the ballot box as the only way they can compete with developers who channel thousands of dollars into local officials' campaigns.

"We had people power compared to money," says Melba Bishop, a leader of a successful growth-control initiative campaign in Oceanside. Developers and other opponents spent more than $167,000 to the citizens' $8,000.

But developers say they are being unfairly blamed for the problems. " I really feel developers have gotten the shaft, in that people *came* to our area and said, 'Build houses,' and we respond to consumer demand," says John Erskine, executive director of the Building Industry Association of Orange County.

"Despite our traffic problems, we haven't been successful in getting people the hell out of here."

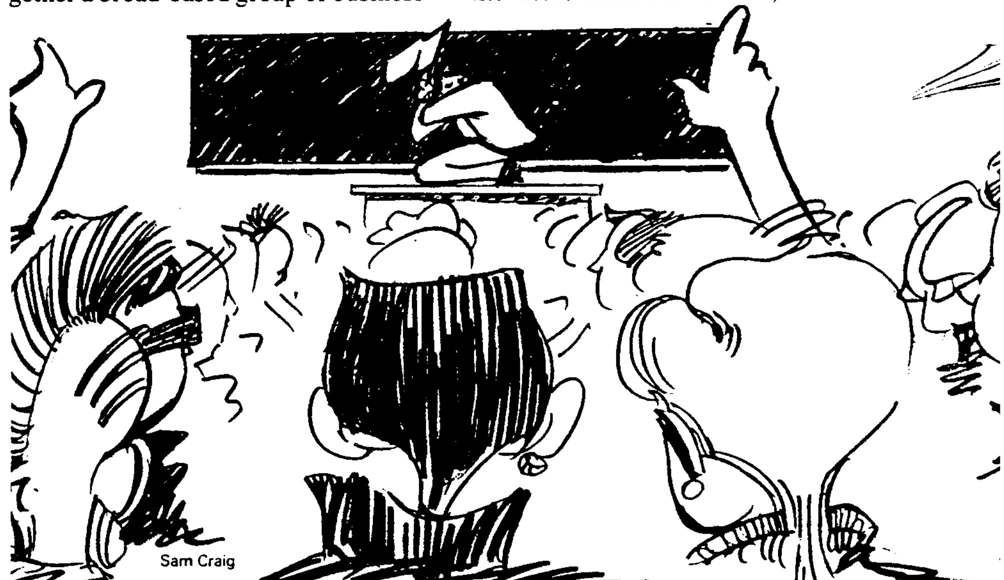
Growth-control activists are sometimes accused of slowing the housing boom to increase the value of their own homes. In Ventura County, where 10 of 11 cities practice some form of growth control, the median price of a home has jumped to $152,000 in recent years, and the average price of a new one to $225,000.

Dick Wirth, director of the governmental affairs council of the Southern California Building Industry Association, says the state should punish local governments that implement growth control. "If the people in a certain place want to close off growth," he says, "then they should be shut off from state tax dollars, because they're just being greedy little clowns."

Jean Andrews, a political consultant who does work for the Building Industry Association in San Diego County, says the development community is finding it more effective in opposing growth-control initiatives to bring together a broad-based group of business people, such as local chamber of commerce members, car dealers and small business owners.

"They are much better voices to have promote the message," Andrews says. "When we say it, there's the feeling 'you're just in it because you want to make money off homes.'"

Residents are finding even the threat of an initiative drive can have results. In San Diego, the City Council approved an interim development program after threatened with a more extreme citizens' initiative.



Instead of the 4,000 residential-building-permit cap proposed under the initiative, the council this summer approved a measure that would limit most new housing to 8,000 during the next year. While the 18-month measure is in effect, the city has pledged to come up with a long-term plan for growth that could appease developers and neighborhood groups.

Although ballot-box planning is common, it is not perfect.

One problem, according to Coastal Commissioner Glickfeld, is that citizens' ballot measures don't go through the same environmental review and public hearing process required for local ordinanace and development projects.

And often the ballot measures are poorly written, denying planners needed flexibility, attorney Worden adds. "The disadvantage is, planning is a complicated thing. It should have flexibility in it."

Ballot measures are channeling growth to unincorporated areas — "the areas least urbanized, with the least services and perhaps the most significant environmental resources," Glickfeld says. "The real question is whether we're obtaining the benefits that people are seeking . . . or are we just moving the problem around."

On the positive side, ballot-box planning is "democracy at its most fundamental level," according to Worden. And it is seen as a lasting solution that means residents do not have to descend on City Hall to wage political war each

Is growth controlled or shifted?

As more and more groups turn to the ballot box to control growth, some planners say the attempts to check urban sprawl probably will not work — or even be tried — on a regional basis.

"The fact that counties are doing it is pretty remarkable," says Tom Smith, assistant director of research for the American Planning Association in Washington, D.C. "It's as close to areawide as you might ever see in this country."

Politics is the reason, according to Smith. Cities and counties are loath to relinquish any power to federal or state governments. "Local governments covet that (land-use) control so much, they're afraid of regional governments telling them how to develop," he says.

Peter Detwiler, consultant to the state Senate Local Government Committee, says voters also support the home-rule philosophy. He says local agencies in California have lost control of land-use planning only three times: in the early 1960s to the San Francisco Bay Conservation Development Commission, in 1969 to the Tahoe Regional Planning Agency and in 1972 to the California Coastal Commission.

Each time, groups fought to take planning control away from local governments, and each time a visible, natural resource was endangered, Detwiler says.

"How do you get people upset enough to break out of the pattern of home rule?" he asks. "They will only embrace the big-government solution if all other things are failing. Unless it's visible and physically attractive, people aren't going to get worked up about it."

Planners also are uncertain of how ballot initiatives and ordinances that restrict development actually affect growth. Dennis Macheski, principal planner for Southern California Association of Governments, says growth limits generally shift population to other parts of the region.

"The success in Ventura County has shifted population to Riverside and San Bernardino counties," he says. "As of now, the effort is not large enough to *stem* the tide; it's really just large enough to *shift* it."

As development follows the path of least resistance to outlying areas, many residents must commute to work back into population centers, Macheski says.

Longer commuting times increase auto emissions and further congest freeways already clogged during rush hours.

John Roth, leader of an initiative drive to limit growth in unincorporated Riverside County, agrees that development restrictions could shift population growth.

"The question is, what should you be doing on a regional basis? You need to start somewhere. Once we have established the growth patterns for the unincorporated area the cities will, to some degree, follow suit," he says. "If you are unwilling to step up and start the process, you will never get there."

Martin Wachs, a UCLA professor who heads the schools' Urban Planning Department, says the spoils of development exert almost insurmountable pressure to allow new construction. Because of those forces — including a larger tax base for local governments and profits for developers — growth control on a regional level is probably impossible.

"There are just too many individual interest groups that benefit from growth that they find ways around it (growth limits). There's just too much pressure," he says. "It's possible to move it around, but I don't think it's possible to control growth."

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time a new development is proposed.

If voter initiatives are a flawed process for managing growth, what methods would be better? There are several suggestions, some more realistic than others:

✓ Glickfeld, the Malibu planning consultant, says she thinks elected officials need to restore constituents' confidence and get land-use issues out of the streets and back into the public-hearing process.

"It will take elected officials who have the confidence of the voters, and what that will take is campaign reform," she says. One such reform could limit the amount of campaign contributions that come from developers, she adds.

✓ Worden, the attorney who has written several growth-control measures, says eliminating Prop. 13, the "main culprit" of the current growth problem, is one solution. "I think Prop. 13 ought to be amended or repealed, so cities have money to buy parks without extorting developers," he says. Yet he acknowledges that such a proposal would be "political suicide" for any elected official.

✓ Martin Wachs, head of UCLA's Urban Planning Department, says the real answer is proper planning, not "extreme measures" such as ballot initiatives. But, he says, local officials often cannot try to please voters and at the same time make the proper land-use decisions.

"I believe that planning seriously can have an effect. But we denigrate planning on a large scale and allow people to use their own property to their own economic interest," Wachs says.

When the public becomes dissatisfied with overcrowded roads and a lack of open space, he says, "they turn to quick fixes. It's easier to hang our hats on those technological quick fixes."

Of the increasing number of growth-control ballot proposals, Wachs comments, "It's probably too soon to tell if they're going to work. My guess is not." ■

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Focus of Growth Debate May Move to Riverside

Special Report: Growth Control Turn to Page 3

June's defeat of Measure A, Orange County's highly publicized growth-control initiative, was a major victory for the building industry in its fight against California's burgeoning slow-growth movement. But slow-growthers won seven of 11 electoral face-offs statewide in June, and they are continuing to build a coalition — now called "Save California" — stretching from San Diego to San Luis Obispo.

At the same time, there is evidence that the builders aren't resting on their laurels from the Orange County victory. In Orange County, they are working with a county task force on growth management that includes slow-growth leaders. More broadly, they are pushing hard to greater credibility for their claims that growth control drives up the cost of housing and harms local economies. (See accompanying story.)

In particular, the builders seem intent on making Riverside County the major growth battleground in the November elections.

This month's issue of *California Planning & Development Report* includes the first part of a two-part Special Report on the growth control movement. This month, *CP&DR* reports election results from June and examines the true impact of growth control on local economies and housing prices. Next month, *CP&DR* will concentrate on solutions — not only solutions emerging in California, but also solutions found in other fast-growing states, where governors and legislatures have been active in *Continued on page 3*

BRIEFS

Norman Murdoch will step down as Los Angeles County's planning director and take over a newly created job under Richard Dixon, the county's chief administrative officer.

During 13 years as the county's planning chief, Murdoch watched development of far-reaching, formerly rural areas of the county, most notably the Santa Clarita Valley. Rapid growth in those areas led to the incorporation of several new cities, including Santa Clarita and Agoura Hills, and attempts to form several others, including Calabasas and Malibu.

Murdoch, who did not receive a pay raise along with other department heads this spring, will serve under Dixon as director of economic planning. His interim successor will be James Hartl, chief deputy director of planning.

Michael Dukakis, the likely Democratic nominee for president, has committed himself to increasing the federal government's role in providing affordable housing.

Speaking in Boston June 28, Dukakis pledged that he would commit to a $3-billion, three-year low- and moderate-income housing program if elected president. He was accompanied at a press conference by Sen. Alan Cranston, D-California, who is introducing legislation calling for a $3-billion federal housing initiative.

Cranston's initiative is based on the recommendations of the National Housing Task Force, co-chaired by developer James Rouse and David Maxwell, president of the Federal National Mortgage Association. (*CP&DR*, June 1988.)

Suburban growth will be the most important social trend affecting the field of architecture, pollster Lou Harris has discovered in a survey for the American Institute of Architects.

Harris's AIA poll found that 53% of the 201 leaders across the country he surveyed regarded the "urbanization of suburbia" as the top trend likely to affect architecture in the years ahead. Least likely: professional liability problems, a national resolve to attack social problems, and demand for accountability in government.

In a separate poll on public perceptions of architects, Harris found that, by a 2-1 ratio, Americans believe architects "make the difference in making sure businessmen and government officials make new buildings and housing safe and liveable." But 70% of those Harris surveyed believe architects "often increase the cost of buildings beyond their worth."

State Sen. Marian Bergeson, R-Newport Beach, has withdrawn a bill that would have set aside sensitive lands in the Bolsa Chica area and set up an assessment districts to raise $240 million in public improvements.

Bergeson, who is chairman of the Senate Local Government Committee, pulled the bill at the request of some members of the Huntington Beach City Council, who asked for more time to work out complicated issues involving proposed development of the property by Signal Landmark Inc.

Signal Landmark hopes to build 5,700 homes and a 1,300-slip public marina on the 1,600-acre parcel. At first Bergeson said she would not withdraw the bill, SB 1517, but later changed her mind when it became clear she could not obtain the city council's support. The Bolsa Chica development has been a controversial public issue in Huntington Beach for many years.

ROUNDUP: L.A. County isn't liable for property damages caused by the Big Rock Mesa landslide in Malibu, the Court of Appeal has ruled. ... **A drug smuggler's ranch in Riverside County,** deeded to Orange County as payment for help in the bust, may be part of an annexation swap between the two counties. ... Japanese investors are planning **a monorail connecting John Wayne Airport** with two proposed office/condominium towers nearby.

Napa

Continued from page 1

wineries. As a result, the supervisors asked the planning department to determine what the appropriate density for wineries would be.

While the vintners were worried about additional wineries, however, the grape growers have been concerned with the wineries already in business. Claiming that many wineries are using their Napa Valley operations as essentially a retail outlet, the grape growers have asked that new wineries be required to subordinate marketing operations to grape processing, and to process at least 75% Napa County grapes. (Wineries now must use 75% Napa grapes in order to specify "Napa County" on the bottle.) Handel claims more wine is now sold by Napa County wineries than could be produced from the county's 30,000 acres of grapes in cultivation.

Corrections

California Planning & Development Report would like to correct two errors made in last month's issue.

First, *CP&DR* reported that the Sunrise Co. would have to pay for construction of 750 low-income housing units near Indian Wells because Gov. George Deukmejian vetoed SB 1719, which would have permitted city redevelopment funds to be used for the purpose.

In fact, the legal agreement between Indian Wells and poverty lawyers called for construction of 600 units by the city with redevelopment funds and another 750 units by Sunrise Co.

Also, Sacramento County was inadvertantly omitted from a list of the fastest-growing counties in the state. Sacramento received more than 32,000 new residents in the state, the sixth-largest number in the state, according to the Department of Finance.

Pension Fund Sells Price Club Land

The Sacramento city pension fund has sold a controversial 14-acre parcel of land in the city back to its original owner, developer Steve Wong.

In early June, Wong exercised his option to buy the property back after the pension fund received it as a default payment from Price Club, which hoped to build a large retail warehouse on the parcel. The pension fund had loaned Price Club $2.45 million to purchase the land, but Price Club defaulted on the loan one day before the city planning commission was scheduled to consider a zone change on the site. (*CP&DR*, June 1988.)

City officials received considerable criticism for investing in a deal that required city approval for a rezoning.

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SPECIAL REPORT

Focus of Growth Debate May Move to Riverside

Continued from page 1

recent months in implementing growth-management laws.

In Riverside, slow-growthers have placed a sophisticated initiative on the ballot there, designed to dramatically reduce housing and improve the jobs/housing balance on the county. But many Orange County builders have major projects in Riverside County, and they may see hope for victory because of the county's similarly conservative populace and its less well-rounded economy.

In fact, a lawsuit to knock the Riverside County measure off the ballot — similar to a lawsuit filed in Orange County last spring — has already been filed by the Riverside and San Bernardino Counties Building and Construction Trades Council.

Orange County

In the past few months, Orange County had become a symbol of just how broadly based the slow-growth movement had become. Citizen dissatisfaction over traffic congestion was high, and a victory for Measure A in this traditionally pro-property county was taken for granted by most people outside the building industry. With a month to go, Measure A, which would have tied new construction to the alleviation of traffic problems, was winning 70-80% approval in the polls. The conventional wisdom said that the builders' huge warchest would work against them, just as it has in so many smaller jurisdictions around the state.

The building industry did indeed raise a vast sum of money — well over $2 million, compared with between $50,000 and $70,000 for Measure A's proponents. But under the campaign chairmanship of development lawyer John Simon, the builders found a way to make the money work in their favor.

With five weeks to go, they scrapped plans to conduct a splashy, media-blitz campaign and hired campaign consultant Lynn Wessell, a veteran of several growth-control electoral battles. Wessell hatched the idea for what might be called the "Bartles & Jaymes" campaign — a grassroots-style campaign that reached most voters effectively without looking like an expensive effort. Under Wessell's direction, the campaign hired 500 workers at $7 an hour to work phone banks and walk precincts, and also purchased local radio time. The result: The campaign was able to knock 10 points a week off the "Yes on A" lead.

"People are looking to be talked to personally," Wessell said. "The message was, it doesn't take one car off the road. It doesn't do anything about freeways. It's not a traffic control initiative at all. It makes traffic worse."

Simon said he opposed the Orange County Building Industry Association's unsuccessful court case to knock the measure of the ballot. (*CP&DR*, April and May 1988.) In retrospect, however, the court case appeared to be a helpful political strategy because it diverted the attention and limited resources of the "Yes on A" campaign — and especially of Greg Hile and Belinda Blacketer, the initiative's drafters. As it turned out, virtually no "Yes on A" campaign was mounted beyond press coverage.

The growth-control leaders in Orange County are not out of options, however. Recall drives are being mounted against Supervisors Harriett Weider (who lost the primary for a congressional seat) and Tom Riley. Hile and Blacketer will continue to pursue their lawsuits challenging the validity of development agreements passed by the supervisors before the election — though, as Blacketer acknowledged, without Measure A in effect, the value of a successful development agreement lawsuit might not be great.

Most important, the growth-control forces still have the threat of mounting another, perhaps more sophisticated, campaign in the future. A few days after the election, Sherry Meddick, one of the county's most uncompromising slow-growth leaders, pointed out that her San Francisco counterparts placed six initiatives on the ballot before Proposition M finally passed in 1986.

Indications are that the building industry is taking this threat seriously. Before the election, the county supervisors established an ad-hoc committee on growth management. Though chaired by former supervisor Bruce Nestande, now an executive with Arnel Development Co., the committee includes several slow-growth leaders, including Meddick and Norm Grossman, vice chairman of Citizens for Slow Growth and Traffic Control, which sponsored Measure A.

On election night, a glum Grossman predicted that the committee would come up with a plan "that looks good on paper with no teeth in it."

By the end of June, however, he was more optimistic that the growth management plan would be meaningful. In fact, he said, it bears a close resemblance to Measure A, though it includes many differences — such as granting the county the power to exempt certain intersections from the traffic-flow requirements needed to accommodate new development.

At the end of June, major development companies that opposed Measure A, such as the Santa Margarita Co. and The Irvine Co., were inching toward support of the committee's growth management plan. It is expected to be acted on by the Planning Commission on July 19 and the Board of Supervisors on Aug. 3.

Building Industry Actions

The building industry was not taking the slow-growth movement more seriously only in Orange County. Throughout the state, the California Building Industry Association and its local chapters are taking steps to correct what they regard as image problems, and to hammer particularly on the issue of high home prices.

The Ventura County BIA, for example, has undertaken a public-relations campaign to try to gain broader support for less restrictive growth policies. (All fast-growing cities in Ventura County except Oxnard have annual growth caps, and the county permits little construction in unincorporated areas.) The BIA's campaign includes posters and envelope-stuffers stressing that growth control could shut residents' children out of their own communities in the future — an increasingly common BIA theme. The campaign also includes efforts to gain broader business support for the BIA's anti-slow-growth campaign.

Meanwhile, CBIA and the National Association of Home Builders are increasing their efforts to stress "education" about the building industry as an organizational goal. In late June, CBIA brought out the first issue of *California Builders Journal*, a monthly newspaper for its members filled with information about the slow-growth movement, as well as an article from NAHB President Dale Stuard, an Orange County builder, stressing the importance of better communication.

In addition, the Construction Industry Awareness Fund is reportedly planning a Northern California retreat during July — featuring Orange County campaign wizard Lynn Wessell — to devise strategies to combat the slow-growth movement.

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Focus of Growth Debate May Move to Riverside

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'Save California' Coalition

Meanwhile, the emerging coalition of local slow-growth groups is also refining its agenda. At a June 25 meeting in Los Angeles, the group, formerly called the Southern California Coalition for Responsible, Controlled Growth, renamed itself "Save California." Partly as a result of the Orange County vote, the group also appears to be moving slowly on the statewide front and concentrating, instead, on local elections.

When first organized, the group began investigating the possibility of writing a statewide growth initiative and hiring a Sacramento lobbyist. For now, however, "our focal point is to concentrate on winning elections and initiatives throughout the region," says Paul LeBonte, a member of the organization's executive committee. However, the group is tracking legislation and sending updates to its member local groups throughout the state.

Save California now includes local slow-growth groups from San Diego, Riverside, San Bernardino, Orange, Los Angeles, Ventura, Santa Barbara, and San Luis Obispo counties.

Legislation

As the growth-control movement has gained significance throughout the state, it has also drawn more attention in the legislature.

The bill that received the most publicity, SB 956, was withdrawn by Sen. John Seymour, R-Anaheim, after considerable lobbying against it by rent control forces. The bill would have cut off state housing funds (total: $62 million) to any city with rent control or growth control. After extensively rewriting the bill, Seymour yanked it June 28 after Democrats on the Assembly Ways and Means Committee told him it would not pass.

Several bills and legislative proposals remain alive, however. They include:

SB 2795 (Ellis): This bill would give residential developers with building permits protection against growth control. It requires that when a growth control ordinance that restricts residential building is passed, all developers with building permits must be exempt from the growth cap for two years. Save California issued a warning to its members in late June, calling on them to lobby against the bill.

SB 2895 (Roberti): This bill would commission a $150,000 study of growth-control laws to determine their impact on affordable housing, likely to be conducted in 1989. The bill establishes criteria by which a consultant should be chosen but designates the Little Hoover Commission as the agency to select the consultant. However, the consultant must report back to the legislature, not Little Hoover. (Beverly Hills builder Nathan Shapell, an outspoken critic of growth control, is chairman of the Little Hoover Commission.) This bill has passed the Senate and is now in Assembly committees.

SR 39 (Presley): This Senate resolution, which can take effect without the governor's signature, would create the Senate Urban Growth Policy Study, a body to examine urban growth issues in California, conduct at least three public hearings, and report back to the Senate with recommendations for legislation.

AB 4099 (Hauser): This bill would place a stricter burden of proof on local governments that change the standards on vacant residential land. It affects Evidence Code Section 669.5, which played an important role in *BIA of Southern California v. City of Camarillo*, 41 Cal.3d 810 (1986). In that case, the California Supreme Court ruled that growth initiatives are subject to that code section, which now requires cities and counties to bear the burden of proof in showing that their growth ordinances do not adversely affect regional housing needs.

Riverside County

Following the defeat of the Orange County initiative, the building industry may regard Riverside County as the next place to inflict a serious harm against the growth-control movement.

A sophisticated and, many believe, much clearer initiative is scheduled for the November ballot. The measure would cut Riverside's growth (over 6% last year) back to the statewide average (about 2.5% last year); protect agricultural and sensitive lands with 40-acre zoning; and cut residential construction back even further if certain other goals — such as an improvement in the jobs/housing balance — are not met. As in Orange County, the building industry has filed a lawsuit seeking to knock the measure off the ballot.

There are several reasons to believe that Riverside might be a better bet for the building industry than San Diego, location of the other major electoral battle in November. Most important is the simple fact that its economy is not well-rounded. Because it is a fast-growing residential area without a strong base of jobs, it is more economically dependent on the construction industry than many other areas in Southern California. Ben Bartolotto of the Burbank-based Construction Industry Research Board estimates direct and indirect construction employment in Riverside at 20% — and probably higher. By contrast, the regional average is less than 12%.

"The economy certainly isn't as strong in Riverside as it is in other parts of the state," agrees Mark Baldassare, a UC-Irvine professor who has done extensive polling on growth issues throughout California. "Traffic is not as hot an issue."

Second, like Orange County but unlike San Diego, the Board of Supervisors apparently will not place a competing growth management measure on the ballot — leaving residents to vote yes or no, rather than choose between alternatives. The only other growth-related measure on the county ballot will be an initiative backed by the Rancho California Co. to exempt small ranches from the 40-acre agricultural zoning containing in the other initiative. Rancho California has a 5,000-acre project of 10-and 20-acre lots that would be threatened by the initiative.

Already, the building industry is hammering away on the economic issues. At a growth-control debate in San Bernardino in late June, Theresa Canady, a title company executive working with the pro-growth campaign, claimed that threat of growth control has already harmed Riverside County's economic development efforts. She said the county has lost the chance to capture three manufacturing plants and several other businesses since January.

"In every case, the reason given was the looming growth management initiative," she said.

Whether citizens respond to the economic arguments remains to be seen. Though Riverside is a conservative county with an unbalanced economy, voters in the city of Riverside have a strong history of supporting growth control, which dates back to an agricultural preservation measure on the ballot in 1979.

Riverside and San Bernardino Building and Construction Trades Council v. Board of Supervisors, Superior Court Case No. 13930, seeks to remove the growth initiative from the ballot before the

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Vovember election. Specifically, the lawsuit charges that the initiative 1) improperly directs the board to enact laws, but does not enact a aw itself; (2) violates state general plan law; and (3) does not take nto account the regional welfare in cutting construction in Riverside County.

)ther Counties

Meanwhile, important elections are scheduled to take place in other counties in November. Most interesting is San Diego, where Citizens for Limited Growth has already placed a strict growth neasure (calling for a cap of 4,000 residental units per year) on the ity ballot, and is in the process of qualifying another measure on he county ballot.

Both the San Diego city council and the county board of supervisors, owever, are expected to place measures on the ballot to compete vith the slow-growth initiatives — and these measures, too, may be trict. The city council, for example, is considering endorsing a allot measure that would retain the city's current restriction on residential growth of about 8,000 units per year. Both bodies are expected to develop plans for the ballot during July.

In San Luis Obispo County, a citizen group asked the board of supervisors to place a growth measure on the November ballot even though the group had not gathered the required signatures. The measure would restrict residential growth in the county to 1.7% per year — effectively cutting new units from more than 1,500 to less than 500 in unincorporated areas. The proposal would also seek to protect prime agricultural land from development.

Instead of placing the measure on the ballot, however, the supervisors asked Planning Director Paul Crawford to convene a task force to deal with growth issues. The slow-growth leaders are expected to participate in the task force but also gather signatures for a special election sometime in 1989.

Growth-control action is also brisk in San Bernardino County. An effort is being made to place a growth initiative on the ballot in the City of San Bernardino, while the county recently broadened a staff growth-management task force to include five public members.

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THE DEVELOPMENT MONITORING SYSTEM (DMS): COMPUTER TECHNOLOGY FOR SUBDIVISION REVIEW AND GROWTH MANAGEMENT

by James A. Kushner

James A. Kushner is Professor of Law at Southwestern University School of Law in Los Angeles, California. He served as court-appointed referee in Coalition For Los Angeles County Planning In The Public Interest v. Board of Supervisors. *Professor Kushner is the author of* Government Discrimination (Clark Boardman Company, Ltd. 1988), Fair Housing (1983 Supp. 1987), Housing and Community Development (1981 Supp. 1985), Apartheid in America (1980), *and numerous articles on urban planning and constitutional law.*

- **Newest Approach to Growth Management**
- **Effective Monitoring of Infrastructure Capacity**
- **Advantages of the Development Monitoring System**

(The latest development monitoring and approval process uses computer technology to assure that decision-makers approve projects only when adequate infrastructure capacity is available. Planning evolution has produced a system to unify plans, zoning, capital facilities financing and the subdivision approval process. This system was developed in response to a judicial challenge to the comprehensive plan of the County of Los Angeles, California, in Coalition For Los Angeles County Planning In The Public Interest v. Board of Supervisors, *Civ. No. C-366464 (Cal. Super. Ct. Apr. 28, 1987). This article analyzes current litigation over problems faced in the traditional land use planning and development control process, explains the Development Monitoring System and compares it to alternative systems of growth management.)*

Introduction

The same Los Angeles that has been used during the past generation to warn the world about the dangers of overpopulation and the failure to engage in comprehensive urban planning may be taking the lead in developing the most advanced planning system for assuring that development not outstrip infrastructure capacity in the next generation. The Los Angeles County Development Monitoring System (DMS) utilizes computer technology to determine capital facility supply capacity and demand placed upon that system by each approved and proposed development. The computer warns decision-makers when demand exceeds capacity and instructs planners on system capacity expansion to meet projected demand. This article describes the events and litiga-

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tion leading to the creation of DMS, analyzes the advantages of DMS over other systems of growth management, and provides comprehensive coverage of DMS functioning and technology.

Under the traditional land use planning process, local government regulates land by first executing a master plan for community development, generally designating the policies for community development, the projected population, location of roads and other facilities and siting of different types of land uses such as residential, industrial, commercial, agricultural, open space, and recreational. California law refers to the master plan (also called the comprehensive plan in other jurisdictions) as the "General Plan." Next, a zoning map is adopted, whereby each area is specifically classified according to height, bulk and use. Each residential, commercial, and industrial area is thus zoned according to intensity, planning detached single family home areas, multifamily districts, or the more common clusters of mixed uses of commercial and residential intensity together with parks, schools, and other public uses. This zoning scheme should be consistent with the master plan. Finally, specific projects are approved under a system of subdivision approval.

It is in the subdivision approval process that the community assures proper neighborhood planning and adequacy of facilities and infrastructure such as roads, schools, water, sewage, police and fire protection, and parks. Upon subdivision approval and plans consistent with the zoning district, a building permit may be issued. Communities may also adopt capital improvement budgets which are aimed at the financing and expansion of infrastructure to accommodate future growth in conformity with the master plan. Ideally, financing the expansion of capital facilities should occur at the same rate projected for development demand so that development can finance facilities expansion, expansion satisfactory to accommodate proposed development.

Unfortunately, due to escalating costs, limited tax revenues, and conservative legislatures concerned about burdening taxpayers and accommodating developers, communities often falter in the financing of infrastructure and adherence to the development intensity established by the master plan. The subdivision approval process often becomes very subjective and political in the approval or denial of proposals. Too often, pet projects sponsored by powerful developers or projects anticipated to contribute needed tax revenues are approved despite inadequate facilities. Eventually the result is congested roads, overcrowded schools, inadequate sewage treatment and parks, insufficient water and unclean air. The Development Monitoring System established in Los Angeles County helps identify many of these problems. Advantages of DMS over present methods should facilitate effective citizen participation in making the monitoring of development approval understandable and should promise to discourage political action which can no longer cloak plan inconsistency in lofty rhetoric.

Comprehensive Plan Adequacy: Litigation in California

After fourteen years of litigation over the adequacy of the comprehensive plan for the County of Los Angeles, California, the Superior Court in *Coalition For Los Angeles County Planning In The Public Interest v. Board Of Supervisors*, Civ. No. C-366464 (Cal. Super. Ct. Apr. 28, 1987) has approved plan amendments, passed by the Board of Supervisors by resolution on April 21, 1987, establishing the most innovative plan implementation system to date. The plaintiffs, an organization of homeowner groups and citizens concerned with land use planning and the lack of development standards in the County of Los Angeles, brought suit to force the County to develop a system that would implement the lofty goals of the community's comprehensive plan. Despite plan promises to assure facilities and infrastructure adequate to accommodate new development, avoid urban sprawl, and impose development costs on new development, Los Angeles County, the plaintiffs charged, was simply approving what developers requested with little concern for the adequacy of roads, schools, and water. What was sought was an implementation strategy to assure compliance with the goals and standards set forth in the plan.

Deficiencies in the General Plan

The litigation tested the legality of the 1980 General Plan of the County of Los Angeles. More specifically, the trial judge focused on the consistency of the plan and its implementation strategy with regard to undeveloped land within the "urban expansion areas." The areas undergoing the most rapid growth were Malibu, the San Fernando Valley, Santa Clarita Valley, and the Antelope Valley, generally the Northern ring fringe area to the City of Los Angeles. These generally unincorporated areas lie within the planning and development approval authority of the Los Angeles Board of Supervisors rather than the councils of the incorporated cities of Southern California. In order to be consistent with the general plan, the development of these urban expansion areas necessitated the establishment of techniques to assure that adequate infrastructure existed to support any projected development and that development did not occur prematurely or haphazardly. Consistency also required the establishment of standards to allocate the cost of urban expansion.

Development Qualification Procedure

The implementation strategy selected by the County under the 1980 Plan called for a Development Qualification Procedure (DQP) which would monitor development, provide developmental criteria, and allocate the appropriate development charges for off-site marginal development-generated costs. The belated DQP ordinance, developed in an attempt to meet the court's objections, however, failed to establish quantifiable development standards, allocate costs, or avoid premature development and failed to address standards for the development of industrial and commercial property. Although the DQP process did permit the monitoring and review of residential development, it did not deal with the extensive over-allocation of land, expansion areas far larger than projected for planned development. The intended role of the DQP was to assure that infrastructure capacity kept pace with development and that new development would not impose costs on taxpayers.

The Court's Proposed Statement of Decision (April 30, 1986) found the major deficiency in the general plan to be a lack of standards and criteria for new urban expansion. The Court envisioned a new DQP to resolve the problem, one which would provide consistency between the mapped and textual components of the plan. The Court directed the County to adopt such a DQP containing specific criteria consistent with and designed to carry out the General Plan policy as set forth in the Implementation Chapter.

Goals of the Los Angeles County General Plan

The 1980 Los Angeles County General Plan, General Goals and Policies Chapter, provided that the plan "ensure that new development in urban expansion areas will occur in a manner consistent with stated Plan policies and will pay for the marginal public cost (economic, social, and environmental) that it generates." G.P. I-21 (Policy 22).

The 1980 plan policy is to encourage development toward areas with services or areas where services can be extended, assuring marginal costs are paid by the development. G.P., Policies 22, 23, at I-21, I-53.

The 1980 Plan states that the purposes of the DQP are to avoid costs of new development falling on the County, districts or taxpayers, and for such development to be safe and environmentally sensitive. G.P. Technical Supplement at D-18. The plan also speaks of quantified criteria, where the County may choose to implement the plan through a case-by-case cost analysis rather than through an area-wide services and development facilities financing plan establishing minimum service level facility capacity as an alternative to an area-wide urban services plan approach. G.P. Technical Supplement at D-19.

The DQP concept included a data base of off-site capital infrastructure supply capacity by service providers together with the demands of all existing and pending development, permitting a simple determination at the time of development application as to the adequacy of infrastructure. If the policy were not to approve any development, despite plan and zoning map consistency, unless adequate infrastructure were available, the environment would tend to be indirectly protected and infrastructure not overtaxed. No means to plan capital improvements was available, however, and the general plan remained distorted in terms of realistically providing a guide to the public and developers as to where and when development might take place. The petitioners argued that land suitable for development might thereby remain undevelopable for unlimited periods, subjecting the County to lawsuits by developers with takings claims.

The trial judge noted, for example, that twice the land needed for projected development in the Antelope Valley was programmed for urban expansion. Absent a DQP, the judge found, the 1980 General Plan could lead to "premature and unnecessary conversion of open space land for urban uses" and thus an internally inconsistent plan.

The County eventually adopted the DQP by ordinance but it lacked any criteria for infrastructure costs for police, parks, library and flood control and ignored all but residential growth. The interim ordinance appeared to be a subjective case-by-case policy

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lacking standards, simply requiring the availability of an "acceptable level" of water supply, sewage disposal, education facilities, and fire service.

The resolution of the substantive concerns in the challenge to the implementation program for the 1980 General Plan pertaining to the development standards to be applied to the urban expansion areas focused on three issues. First, allocation of land and development level was to be consistent with population projections contained in the Plan. Second, infrastructure capacity was to be consistent with development projections. Finally, new development was to pay its fair share of costs generated.

Components of the Development Monitoring System

Frustrated with the failure of the DQP ordinance to resolve the identified problems, the trial judge appointed the author of this article to serve as referee in an attempt to produce a complying implementation program.

The resulting product, called the Development Monitoring System (DMS) is made up of five basic components. First is the Development Monitoring System. The DMS is a computer-based mechanism to provide quantified analysis of both the demand for off-site capital improvement needs generated by project proposals and the existing capacity to meet infrastructure need. Second are access rules to avoid "leapfrog"-type sprawl development. Third is an infrastructure supply program designed to plan infrastructure capacity expansion. Fourth is an area-wide development cap, and finally, a growth analysis component allowing plan modification to reflect actual growth performance. The following is a description of the five DMS components:

Computer Analysis of Infrastructure Capacity

The Development Monitoring System is based upon computer technology and replaces political subjectivity with objective development criteria linked to the availability of adequate services and infrastructure such as roads, sewers, water, schools, and libraries to assure that development remains consistent with community plans. Los Angeles County elected not to include parks, since the state and local law provided for specific off-site park exaction and because the County has an extensive regional parks system. DMS utilizes a computer base collection of infrastructure capacities and each new development or development proposal is added to the system so that decision-makers at every permit level can instantly determine whether adequate infrastructure exists to accommodate any proposal. It differs from the DQP ordinance in that specific quantified demand figures were created based on service provider experience or estimate. Thus, for each residential unit or square foot of commercial or industrial development proposed, specific amounts of water and sewage capacity, school and library facilities, as well as generated automobile trips, are placed within the computer base.

The road congestion component is designed to interface with the County Roads Department computer program which indicates whether the impact of a proposed development will raise area intersection congestion beyond the DMS standard. Where the computer discloses a deficiency in any service, the developer must mitigate the problem by scaling back the project size, delaying or phasing the application, or expanding the existing service capacity. A published summary reference manual discloses the precise standards used to establish adequacy of infrastructure capacity.

Access Rules to Prevent Urban Sprawl

The access rules are composed of a "1 mile rule" that new development in urban expansion areas be located within one mile from existing development or existing service extensions, and a "5 mile rule" providing that new urban expansion area development is to be generally within five miles from commercial facilities and employment locations.

Infrastructure Supply Program to Plan Expansion

A program to encourage and assist service providers with the establishment of a rolling five-year capital improvements program to assure adequacy of capital facilities to accommodate projected development.

Development Cap to Comply with Population Projections

A development limit whereby the maximum development in each urban expansion area may not exceed the population increase projection of the General Plan. The residential growth limit is cast in terms of dwelling units, while a cumulative tabulation of commercial and industrial acreage is utilized to ensure that development does not exceed that which is required in order to accommodate the growth projected by the General Plan for the year 2000.

Annual Growth Report Monitoring Development

Where development lags or exceeds plan projected population change or permit activity for two years by 20 percent, a plan amendment will be considered.

The developed system addresses each of the concerns raised during the litigation and, furthermore, contains additional planning initiatives converting conflicts between planning and subdivision approval into an organic system integrating the planning process and the development approval process.

Population -- Land Allocation Nexus

The County of Los Angeles elected to retain the excess land allocations for development, exceeding the population demand projection contained in the 1980 plan. As a mitigation measure to assure that excess land allocation would not engender excessive development, the County established a development limit whereby the maximum residential, commercial, and industrial development in each urban expansion area may not exceed the population increase projection of the General Plan. This resolution allows the County to enjoy the deflationary land economics impact of "over-zoning" without facing the usual concomitant of plan inconsistency. The County will also prepare an annual growth report monitoring development, and where development lags or exceeds plan projected population change for two years by 20 percent, a plan amendment will be considered.

Infrastructure Capacity

The County amended the General Plan to replace the DQP component as an implementation device with the Development Monitoring System (DMS). The DMS computer base collection of infrastructure capacities and cumulative development demand assures that proposed development for County urban expansion areas is supported by adequate infrastructure.

The DMS program, disclosing the cumulative effects of all proposed and approved projects, will be used by the planning department, planning commission, and the board of supervisors. Where the existing capacity for each of the measured capital needs is inadequate to accommodate the proposal, the proposal will have to be scaled back or phased until infrastructure is expanded. The developer could finance the next expansion level proposed for that capital need, or, as in the case of traffic congestion, the developer could make improvements to reduce the service level to the DMS approved standard.

Overriding Concerns Provision

Where the project represents a *de minimis* impact on the capacity problem, approval could be made under an overriding concerns provision. The DMS provides that overriding considerations are presented where the costs of mitigation are outweighed by social benefits to be gained, and the proposal is consistent with the General Plan. Overriding concerns would require either a *de minimis* impact or the presence of unusual circumstances. A finding of overriding concerns may be made solely by the Board of Supervisors.

In addition, and to assure that infrastructure will be adequate to accommodate projected demand, the plan creates a program to encourage and assist service providers with the establishment of a five-year capital improvements program to assure adequacy of capital facilities to accommodate projected development.

Development Cost

The DMS plan avoided the complex problems of assigning off-site capital and operating marginal costs to specific developers and amended the General Plan policy so that developers are responsible only for on-site capital improvements and the costs of capital expansion where the existing capacity of infrastructure, including roads, water, sewage, schools, and libraries, will not accommodate the proposed development. Although this appears to present a radical policy change in reducing developer obligations to finance all marginal project-induced costs, it is significantly mitigated in that developers are additionally subject to alternative off-site infrastructure financing obligations in the form of utilities connection fees and charges imposed by special assessment or facilities benefit district charges generated by flood control, road improvements, and school facilities in the expansion areas.

Summary Reference Manual

To assure that the development process is based on quantified standards, the County, under the DMS, must publish a reference manual that discloses the precise standards used to establish adequacy of infrastructure capacity. The manual should contribute to informing developers and the public as to where and when development may be most easily facilitated and an approximation of the costs associated with the decision to develop in an urban expansion area where capacity in a service has been reached. Service provider capital improvement plans are included in the summary reference manual. Capital facilities costs and planning informs the public as to whether infrastructure poses a development constraint and should have the effect of directing development towards tracts already serviced or in areas with the greatest capacity for development, a side-effect perhaps being a further reduction of "leap-frog" development. Where service providers impose a user connection or impact fee, or where improvement districts are in place, the manual refers to those fees and states charges. The manual discloses the approximate costs for capacity expansion associated with the smallest facility acceptable to the service provider.

The summary reference manual will be reviewed and updated on an annual basis.

Phasing--Contiguous Development and Timing Development with the Availability of Services

It is likely that market forces will tend to have a concentrating effect as closer-in development will necessarily be encouraged by the higher on-site or capacity expansion costs associated with more isolated development. The price of contiguous parcels may inflate to offset some of the incentive, but with the planned excess land allocation and anticipated competitive regional markets, land price inflation is not likely to play a significant role and the access standards should prove effective. In addition to market constraint factors which would discourage sprawl development, the plan amendments call for five components to provide phasing and encourage contiguous development consistent with and not in excess of development level projections. First, the development cap will assure that development in each expansion area will not exceed the level of increased development projected in the plan. Second, the DMS will tend to discourage projects with huge off-site costs and assure that development is within existing capital capacity. Third, the plan provides that new development in urban expansion areas be located within one mile from existing development or existing service extensions. Fourth, a policy against sprawl development is also contained in exempting "in-fill" and urbanized areas from the DMS procedure. Finally, new urban expansion area development is to be generally within five miles from commercial facilities and employment locations.

The County will prepare an annual report pursuant to the proposed plan amendment, monitoring whether development is in harmony with the General Plan. Where there is a 20 percent divergence for two years in any urban expansion area, a plan amendment will be considered.

Comparisons with Other Growth Management Systems

Sewer and Water Connection Moratoria

The response across the country to a failed planning process has been the passage of growth control measures to slow or halt growth to either allow infrastructure to catch up with need or deny the fulfillment of projected growth. Some communities have responded with sewer and water connection moratoria -- at best, temporary emergency measures. See, e.g., *Smoke Rise, Inc. v. Washington Suburban Sanitary Commission*, 400 F. Supp. 1369 (D. Md. 1975), where a threat to public health from inadequate sewer and sewer treatment to accommodate great development demand led to a complete sewer moratorium pending approval, and development of a federally supported system, *Swanson v. Marin Municipal Water District*, 56 Cal. App. 3d 512, 128 Cal. Rptr. 485 (1976) where California's water shortage led to a temporary water service moratorium; or *Almquist v. Town of Marshan*, 308 Minn. 52, 245 N.W.2d 819 (1976), approving a temporary development moratoria to permit comprehensive replanning and regulation of a community. The result may be a denial of needed housing and other development needs, inflation of land prices, and in tight housing markets the result may cause families to double up in units and illegally convert garages and other space to rental housing.

Building Permit Caps

Building permit caps have been utilized by a number of communities, often resulting in housing price inflation as builders build more expensive houses to make up the profits lost from declining numbers of units, and buyers compete for a limited supply of housing. See, e.g., *Construction Industry Association v. City of Petaluma*, 522 F.2d 897 (9th Cir. 1975), approving a plan for an annual building permit cap to assure that development would not outstrip facilities capacity; *Pardee Construction Company v. City of Camarillo*, 37 Cal.3d 465, 690 P.2d 701 (1984), also approving a permit cap strategy to limit growth; or *City of Boca Raton v. Boca Villas Corporation*, 371 So.2d 154 (Fla. Dist. Ct. App. 1979), invalidating a poorly planned aggregate dwelling unit cap. Land price inflation may also make rental housing development even less attractive.

Timed Sequential Zoning

Down-zoning to reduce development level is a growth management technique that also tends to increase housing prices and in many communities may generate increased sprawl and reduced densities making non-automobile transit programs infeasible. Timed sequential zoning, whereby permits are awarded or development permitted as capital improvements serve the site, has been the most sophisticated growth management system. See *Golden v. Planning Board of Ramapo*, 30 N.Y.2d 359, 285 N.E.2d 291 (1972). Ramapo has served as a blueprint for the past generation of community planning, adding temporal phasing of development to coincide with the one dimensional plan assuring capital facilities to accommodate planned development intensity. The Ramapo plan times development approval with the capital facilities development plan. Typically, developers are awarded points for the availability of certain services with the developer able to obtain earlier approval by making on- and off-site improvements.

Timed sequential zoning may also carry land price cost inflation and the exclusionary effects of the other older methods of growth limitation. The key is the aggressiveness of the capital facilities planning process which may take a generation to meet population projection needs.

Advantages of DMS

Under the Development Monitoring System, infrastructure planning and development approval are linked to long-range population projection with some land inflation impact mitigated by over-zoning. While the system carries the protection found in other systems, such as protection against over-taxing existing facilities, it is far more sensitive to a free market development system. DMS possesses a superior ability to accommodate development consistent with market demand; moratoria, building caps, and excessive down-zoning tends toward overkill whereby good development as well as bad projects are thwarted. Under DMS all projects within infrastructure capacity or those where capacity can be expanded within the set limits may attain approval. The centerpiece of DMS, the computer-run infrastructure capacity program, allows decision-makers and citizens to have needed information on proposed development and can result in more objective land use decision-making. The resulting analysis of the cumulative impact of proposed projects can be adapted to any land use approval system.

The development monitoring system is superior to other techniques in assuring the adequacy of infrastructure. A point system may fail to assure adequacy of every capital facility need. Systems such as down-zoning, or height limit reduction, may not effectively relate to capacity. DMS may also be fairer to developers both in giving fair notice as to where development may take place and in seeking to expand infrastructure capacity to assure that the comprehensive plan projections may be achieved. Developers may now rely on computer-based determinations of adequacy of facilities and be relieved from the commissioning of expensive consultant studies for individual project proposals. While each growth control system discussed is likely to engender political confrontation between the regulated and the government, DMS may be superior in reducing the appearance of subjective decision-making.

Conclusion

The DMS system is a unique achievement in permitting temporal phasing of development with capital improvements, enhancement of the subdivision approval process by permitting assessment of the impact of competing proposals, informed citizen participation, reduction of the political nature of the development approval process, and encouragement for geographically phased development avoiding sprawl. DMS may eventually spread like wildfire once its concept is reported. While local newspapers carried stories of the litigation, DMS was too sophisticated for clear coverage by radio, television, and courtroom reporters. Nevertheless, Santa Clarita, California's newest city, plans to adopt DMS as its plan implementation element, and a variation on DMS is a ballot initiative growth control measure in Orange County, California. A DMS addressed to urbanized areas restricting measurement to street congestion, sewage capacity and perhaps lower income housing displacement also holds promise. DMS provides many communities facing urban development or redevelopment with an effective program to manage urban growth. For further information about DMS contact Norman Murdoch, Los Angeles County Planning Director, or Ray Ristic, DMS Project Director.

__RECENT CASE__

Supreme Court Clarifies § 1983 "Official Policy" Requirement

In a 7-1 opinion, the United States Supreme Court recently held that liability under § 1983 of the federal Civil Rights Act, 42 U.S.C. § 1983, can not be imposed on municipalities for isolated, unconstitutional acts of its officials or employees where the challenged action has not been taken pursuant to an unconstitutional municipal policy promulgated by officials with "final policymaking authority." The Court elucidated the "official policy" requirement first stated ten years ago in *Monell v. New York City Department of Social Services*, 436 U.S. 658 (1978), by ruling that officials who possess only authority to effectuate policy made by their superiors are not officials with "final policymaking authority." *City of St. Louis v. Praprotnik*, -- U.S. --, 108 S. Ct. 915, 99 L.Ed. 2d 107, 56 U.S.L.W. 4201 (U.S. No. 86-772, March 2, 1988).

In *Praprotnik*, a management level employee in one of the city's agencies was transferred to a dead-end clerical position from which he was laid off the following year. The transfer was a retaliatory measure taken by the employee's supervisor, after Mr. Praprotnik had successfully appealed a temporary suspension to the city's Civil Service Commission. Mt. Praprotnik contended that his layoff resulted from an unconstitutional city policy since his supervisor's decision to transfer and lay him off was "final" and not subject to review by higher ranking officials.

The Supreme Court did not agree with this posi-

REGIONAL EXCHANGE

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THE STORY OF MEASURE J — SANTA CRUZ COUNTY'S GROWTH MANAGEMENT PROGRAM

by Andrew Schiffrin

In 1978, voters in Santa Cruz County passed by initiative ordinance what is probably the most extensive and effective county growth management program in California. By almost any standard, the program has been a success. How did it come to be? What does it do? How has it been successful? What lessons can be learned about citizen action from this effort?

Introduction

Traditionally, Santa Cruz was an agricultural, low income county, but in the 1960's it started to grow rapidly and prosper. During the 1970's, Santa Cruz was one of the fastest growing counties in the country, experiencing an average annual population growth rate of 4.6 percent. The problems created by this rapid growth will not surprise -- the loss of agricultural and rural land, traffic congestion, sewer and water moratoria, rapid increases in housing prices.

The pressures for growth, then and now, came from the newly established University of California campus north of the City of Santa Cruz, the explosive expansion of Silicon Valley just over the hill, the increasing pressure on coastal locations generally. Plans and zoning during this time encouraged rapid growth -- with much "success".

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Andrew Schiffrin holds a Master's degree in City Planning from MIT and is an Administrative Aide to Supervisor Gary Patton (the author of Measure J, Santa Cruz County Growth Management Policy Ordinance).

But in the late 1960's, awareness developed about the need for environmental protection in the county, and a political movement began taking shape. At first it focused on large, high-impact projects; an early victory came in the County Supervisors' reversal of support for widening Highway 17. A major commercial project at the edge of Santa Cruz was also stopped, and a citywide height limit was imposed.

Most importantly, the environmentalists won a shift in the growth-is-good mentality -- especially among local officials. In 1973 the Santa Cruz City Council got its first strong conservation representation; in 1977, three out of five County Supervisors favored serious efforts at growth control. Nonetheless, those favoring rapid development and unrestricted "free enterprise" were still influential, and hard-fought battles occurred over specific projects and electoral campaigns.

Growth Management in Santa Cruz — The Pre-Election Strategy

By 1977, it was understood by the new environmentalist majority of the Board of Supervisors that ad hoc programs would not work. In 1976, the Board had adopted a population cap for the year 2000; but even by 1977 it was recognized that this limit would be reached much earlier under existing land use policies. It was agreed by the elected officials and environmental activists that a dramatic program was needed to get a handle on growth and bring it under meaningful control as quickly as possible. The major growth control technique then in use seemed to be delay and this was not only of limited usefulness but subject to many justifiable criticisms.

There were great concerns, however, that the development community would mount a political effort against any strong growth management system, and the likely outcome of such a campaign was very unclear. Among other problems was the difficulty in restricting the construction of single family homes on individual parcels. No other growth management system in the state had been able to restrict single family home development. Yet in Santa Cruz County, almost 85 percent of the development was of this type. Moreover, there was an awareness of the legal problem which the Board majority would face if they adopted a strict growth management system. How could it be done?

In June of 1977, the Board of Supervisors directed the Planning Department to prepare a series of reports on the effects of growth on the County and the options available for managing it. These reports were intended to serve as the legal and political rationale for a growth management program.

However, while these reports were in process (they were released serially), opposition to the three liberal, environmentalist Supervisors grew. The opposition was based in the development community but used the liberals' alleged positions on social issues, like welfare, to create public antagonism. In the latter part of 1977, a recall campaign was launched against all three Supervisors. By February, it was clear that the campaign had gathered enough signatures against two of the Supervisors to force a June election. The recall against the third, Gary Patton, was dropped but he was up for reelection in June anyway. The rationale for growth managment was coming into place, but the political foundation was in jeopardy.

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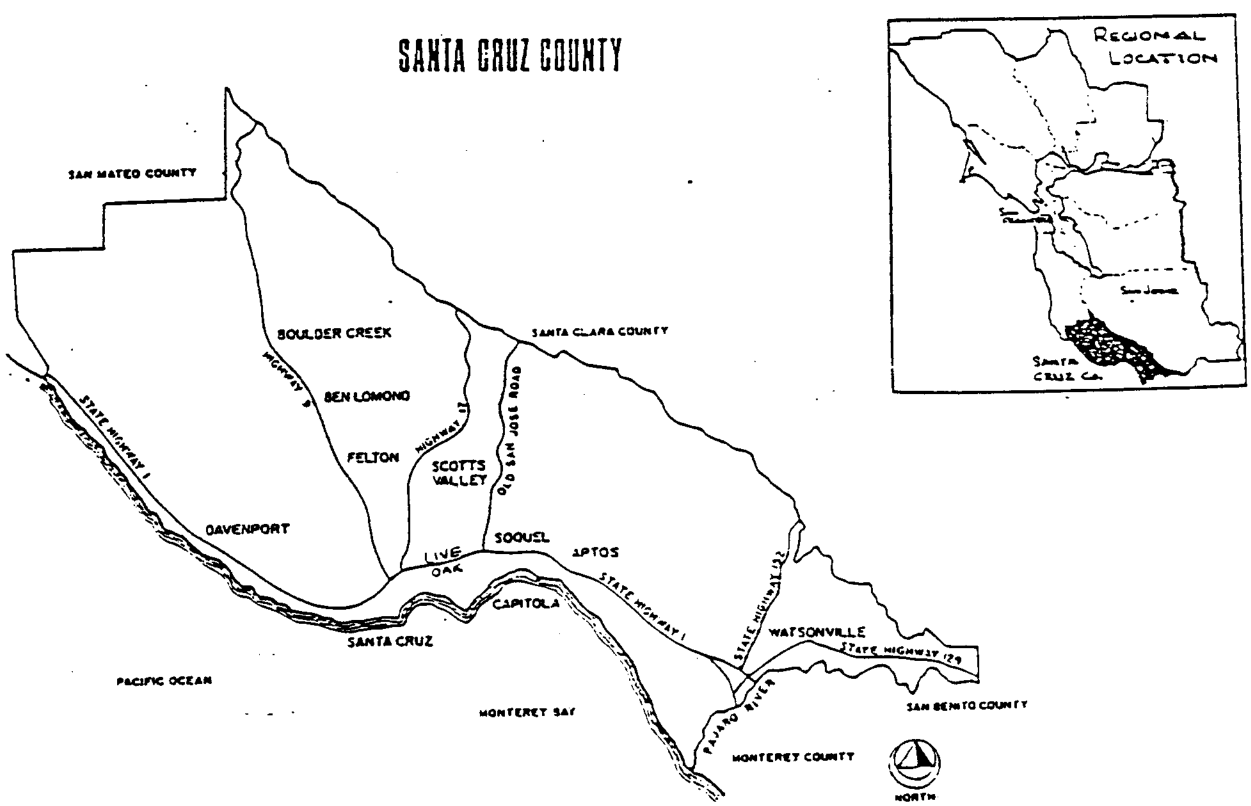


The Choice of an Initiative Measure

In February/March 1978 the environmentalist ajority on the Board of Supervisors decided that hey could not adopt an effective growth manage-ent program by ordinance even though the ground-ork for such a system had been laid by the reports. irst, the recall election made any major new egislation difficult. The opponents would accuse hem of forcing unpopular changes on an electorate hat no longer supported them.

Second, it was clear that the development community would pull out all stops to overturn a comprehensive growth management system which im-posed a low growth rate. While a majority of the people probably supported growth management gener-ally, any specific, comprehensive, untried programs imposed by a 3-2 Board vote could be easily distorted and maligned as part of the election campaign.

The Board majority retained their conviction that a majority of the population in the County supported meaningful growth control. How could the Board finesse these political weaknesses to reach their strength? The answer decided upon was to draft an ordinance of general policies which would be placed before the electorate and which mandated preparation of a specific growth management system and provided policy direction to it. The debate could be focused on the real issues of growth, with good defenses against both vagueness and specificity.

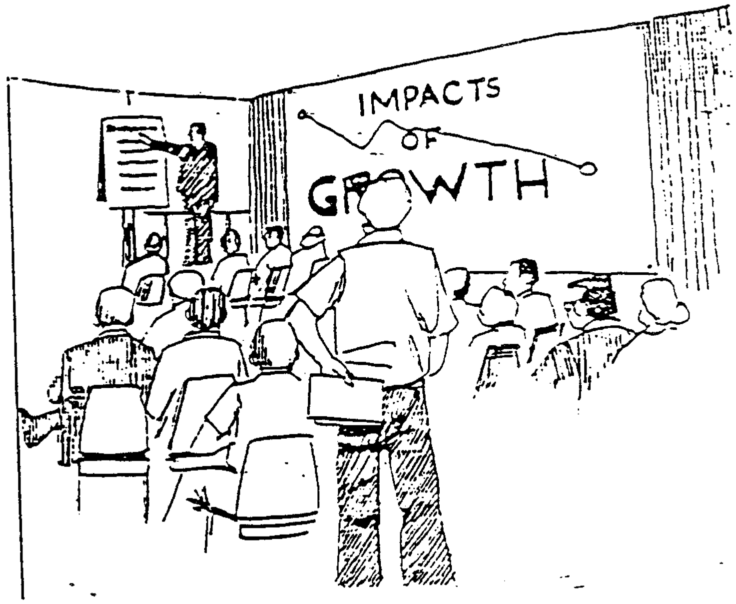
Measure J: The Growth Management Initiative

Measure J, as this ordinance was labelled on the ballot, had three purposes. The first was to provide the policy basis for a strong, comprehensive growth management program. The second was to show that there was majority public support for such a program. And third was to appeal to the pro-growth management sentiment in the community in a general way in order to help defeat the recall.

Using general statements of policy, rather than detailed "legalese", Measure J set out the negative effects of rapid growth (thus establishing a legitimate public purpose for regulation), and a series of six key policies to be followed in managing development -- and it required the County Supervisors to pass an implementing program within six months of the measure's passage.

Probably the most important policy in the ordinance was the requirement that the Board of Supervisors annually set a population growth rate, such rate to reflect the County's fair share of the State's growth. "Fair share" was not defined and, contrary to popular belief, Measure J did not set a low growth rate. It simply required that a rate be set every year, thereby keeping the issue public and political.

Other major policies required the protection of agricultural land, the adoption of an urban/ral boundary in order to discourage rural devel-ment and to concentrate development in the urban-ized areas, and the protection, where feasible, of the County's natural resources.



The most specific policy, later to become also the most controversial, was the requirement that at least 15 percent of all newly constructed housing be affordable by those with average and below average incomes.

The housing policy was included for several reasons. First, prices in the county were pushing out a segment of a mixed community and only a specific requirement could halt this pattern. Second, housing activists focusing on renters' concerns had become a political force in the City of Santa Cruz and environmentalists had developed a working relation-ship with them. Third, the measure's authors had a keen awareness of the legal importance of a strong affordable housing policy, in order to ensure that the growth management program would not have the effect of excluding those with lower incomes.

The 1978 Election Campaign

The campaign around Measure J was relatively non-controversial, surprisingly so considering the importance of the outcome. With hundreds of millions of dollars and thousands of acres at stake, only $859 was spent for the measure, and $2,446 against it. The development community opposed it, but found it hard to mobilize a great deal of public opposition to the idea of growth management. The policies were too general to attack very specifically. There may also have been a concern on the part of its opponents that growth management was a popular public issue and to attack it too strongly might help the liberal Supervisors.

Instead, pro-development interests concentrated their fire on the recalls, aiming at the people instead of the policies. They spent a whopping $106,000, this in 1978. (Supporters of the Super-visors up for recall responded in kind if not amount, with $31,000.)

If voters were to be consistent, the initiative and the candidates would win or lose together. What would they do?

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On June 8, 1978, Measure J passed by a 54 percent margin countwide and the two environmentalist Supervisors were recalled by the thinnest of margins: Ed Boravatz, San Lorenzo Valley, lost by just 50 votes; Phil Baldwin, Live Oak, by a few hundred. Evidently, about four percent of the voters were splitting their ballots. Why? For one thing, Proposition 13, the Proposition 13, drew irate conservatives to the polls in droves. Many of these conservatives want to control growth, yet do not like liberal Supervisors. The recall campaign had emphasized "welfare fraud" and "big spending". Clearly, the incumbents were not recalled because of their growth management positions, and the election illustrates the importance of initiatives in measuring real voter thinking on an issue.

Implementation of Growth Management - Fact or Fantasy?

After the June election, the new majority on the Board of Supervisors was in a difficult position. Philosophically they opposed growth management and did not want to implement Measure J. On the other hand, they could not ignore its passage. They were legally obligated to implement it, and Supervisor Patton, who had been reelected, was an informed and aggressive advocate for implementation. What would they do?

The supporters of growth management were also in a difficult position. There was a public mandate for growth management, but they had lost the majority of the Board of Supervisors and Measure J was a rather general policy ordinance. Could they bring about the adoption of an effective growth management system?

Initially, both sides agreed. Since Measure J required a growth management system, there would be one. Moreover, it would be developed within the time limits.

When January 1979 rolled around and major portions of the system had not been approved, environmentalists sued the County to compel the full implementation of Measure J. This placed even more pressure on the Supervisors to make the hard decisions.

What then, resulted from all the activity?

- Agricultural Land Preservation: The Board-appointed agricultural task force was dominated by conservative farmers and landowners who, while supportive of protecting agricultural lands which were economically productive, were strongly opposed to preserving open space land by regulation when the agricultural viability was, in their view, speculative or economically non-existent. Philosophically, their attitude was that if people wanted open space they should buy it. They tended to be guided by the desires of the affected property owners in making their decisions.

Maps identifying the agricultural lands to be preserved were therefore based on strict definitions of agricultural productivity. This reduced significantly the potential area, eliminating large acreages of grazing land as well as many lands potentially in agricultural use or in small parcels. On the other hand, the staff recommended extremely protective

policies to preserve the designated agricultural lands, which covered significant areages. Fortunately, the task force did not oppose them.

- Growth Rate: In the report prepared on population growth rates, the staff proposed three alternatives -- a low growth rate of 1.1%, a moderate growth rate of 2%, and a high growth rate of 3.2%. (It should be remembered that the County had been growing at a 4.6% average rate.)

Supervisor Patton and environmental activists argued vigorously for the low growth rate. Representatives of the developement community, though opposing all growth rates, favored the high rate. However, they did not lobby strongly. Since it was clear to all that Measure J had passed in order to slow growth and, probably, because two of the more conservative Supervisors had been elected as a result of the recall and faced another election in 1980, the Board majority did not want to identify themselves with high growth. The 2 percent growth rate was ultimately adopted, with Supervisor Patton in opposition.

- Building Permit Allocation System: Once the growth rate was adopted, staff converted it into allowable number of building permits which could be issued. The next step was to determine how to allocate these permits -- between urban and rural areas, and between large and small projects, for example. It was also necessary to determine which applicants for permits would receive them -- for example, first come, first served; through a rating system; or by geographical areas. Decisions on this system were the thorniest and most difficult for the Board of Supervisors to make and probably entailed the greatest amount of discussion. However, the most important policy decision never became a public issue: the Planning staff assumed that the growth management system would cover all housing developments, including single-family homes on single lots, and never raised any alternative to this. (No one else did either.)

The allocation system finally adopted does have problems, as will any system which has to say no, in a fair manner, to people who want to build. It covers, however, all residential development and contains a higher rate of growth in the urban area than in the rural area.

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• Urban/Rural Boundary: Since Measure J required concentration of growth in urban areas, it was necessary to define the boundary of these areas. Staff proposed an urban services line to represent the limit of urban development to 1990. No urban services were to be provided outside this line. Supervisor Patton argued that the line should provide for urban growth beyond 1990. Since residents in areas around the line tended to be most concerned about the expansion of higher density urban growth in their neighborhoods, the Supervisors ultimately amended the line in relatively minor ways and, in some instances, even reduced the urban area in response to specific complaints.

• Rural Land Divisions: The creation of new parcels of land in rural areas had been one of the most controversial issues prior to growth management. Previous Boards of Supervisors had approved widespread subdividing of rural land with little environmental knowledge or concern. There were already enough parcels to almost double the population of the County if each one was built upon, and environmental activists had focused much of their energies through the years on controlling the number of new parcels created. Through the late sixties and early seventies, standards governing subdivisions changed and the interpretation of the standards also changed. By 1978 the regulatory climate was so uncertain and confused that even land owners were calling for some standardization in the review process.

Measure J provided the opportunity to implement a more certain regulatory procedure. The staff proposed a rural development "matrix" which would be used to evaluate rural land division requests. Each application would receive points based on environmental and hazard factors. Final allowed parcel size would be determined from a total point score and the underlying general plan designation. After pressure from environmentalists, an absolute limit on the number of such subdivisions allowed was eventually approved.

• Affordable Housing: The majority of people appointed to the Housing Task Force by the Board of Supervisors opposed government interference in the private housing market. However, the affordable housing advocates argued convincingly that, if the 15% affordability requirement was not met, all housing construction in the County could be halted by court order. As a result, the effort focused on all available tools for producing affordable housing. Three major programs were proposed. First, the County was to aggressively pursue and encourage federally subsidized housing projects. Second, in all developments of five units or more, at least 15% of the units were to be affordable to low and moderate income families (inclusionary housing). Finally, a "housing fee" would be imposed on all projects from one to four units, the revenue from which would be used to produce affordable housing.

Although the inclusionary housing program was anathema to the building industry and contrary to the philosophy of the Board majority, the entire program was finally approved, probably because it seemed to be the only alternative. The housing fee became very controversial, was later ruled illegal by the local court, and was not appealed by the Board.

Assessing the System

By June of 1979, only five months late, the growth management system was essentially in place. Did the pro-development majority mean a weak system? Surprisingly, the system adopted may have been stronger and more restrictive than what would have resulted if an environmentalist majority had controlled the Board of Supervisors. A number of factors made this happen:

(1) The citizen environmentalists were well organized and constantly active. They got people out to public meetings, were very vocal, and were forever agitating for a strong system. They also kept in close contact with friends, particularly Gary Patton, on the Board of Supervisors and initiated a lawsuit which threatened to stop all construction, if the Board did not fully and correctly implement Measure J;

(2) The planning staff, bucked up by the vote and the activists, also played a crucial role, through their interpretation of the intent of Measure J and the alternatives they proposed;

(3) The minority of environmentalists on the Boar were well informed and politically astute;

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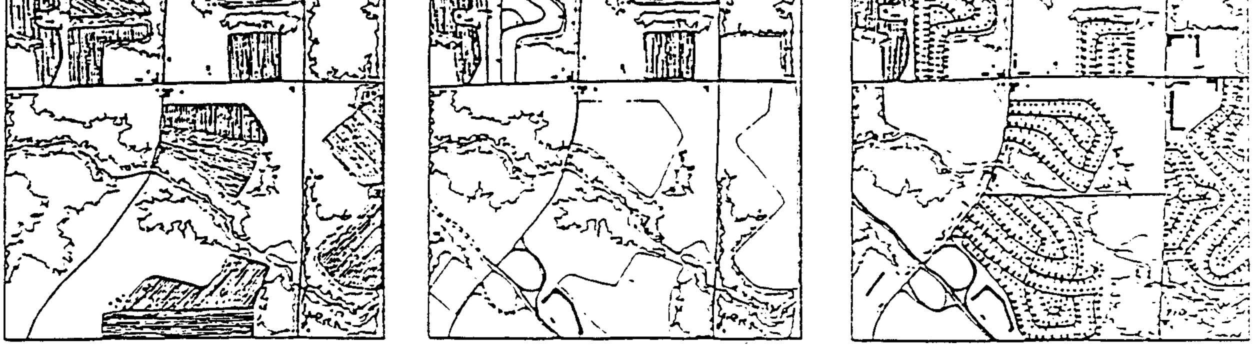

(4) The majority of the Board and the pro-development community in general did not participate effectively in the process. It was almost as if they thought that because they were in the majority, the result would automatically reflect their concerns. Developers as a rule fight hard but irregularly, as needed for their own specific projects while environmentalists fight for general principles. Perhaps, as with some national environmental laws, the problems were not clearly perceived till later, at which time a greater lobbying effort develops. At most, developers played a reactive role in terms of the proposals presented and never tried to take control of either the process or the outcome; and

(5) The passage of Measure J by itself created a political climate which made opposition to a meaningful program difficult. Every attempt to weaken the system was attacked as a slap at the will of the electorate.

What's Happened Since 1979

The adoption of a meaningful growth management system provided no guarantee that it would be effectively implemented. While the environmentalist strategy was to push for consistent follow-through, it was recognized that if the Board majority did not change in 1980, the conservatives would probably figure out how to undermine the system. In fact, the Board majority did change in 1980 and the supporters of managed growth were back in control.

It is an indication of the strength of the system that the new majority did little to change it after 1980. On the other hand, attempts were made to weaken it. The conservative majority put an ordinance, sponsored by the building industry, on the ballot to increase the growth rate in the name of energy conservation. This was defeated. The development community also tried an initiative which would have increased the growth rate. It did not even receive enough signatures to get on the ballot.

Has Growth Management Succeeded in Santa Cruz County?

Both in its own terms and in terms of significantly cutting and regulating the growth of the County, I think the answer is, clearly, yes. It has succeeded because most of the system's components no longer generate controversy and because the community as a whole now accepts growth management as a normal and expected part of life. It has become woven into the fabric of community life.

The key factors for Measure J's success have been:

(1) The existence of a popular base of support in the community for growth management. A majority of the people believe that it is desirable and important to control and limit private land development.
(2) Organized citizen action favoring growth management has been crucial. In the courts, during election campaigns, and at public hearings, citizen activists have made public participation count. While particular activists may come and go, it has been recognized that, in order to succeed in the long run, citizen action must continue.
(3) There was the ability to draft ordinances, and frame political campaigns in order to appeal to popular concerns. In other words, the environmentalists have had the competence to know how to get what they wanted; and
(4) There has also been the ability to understand the place of initiatives and referenda in the larger political contexts as one of a number of tools, which also include vigorous electioneering, lobbying, and litigating.

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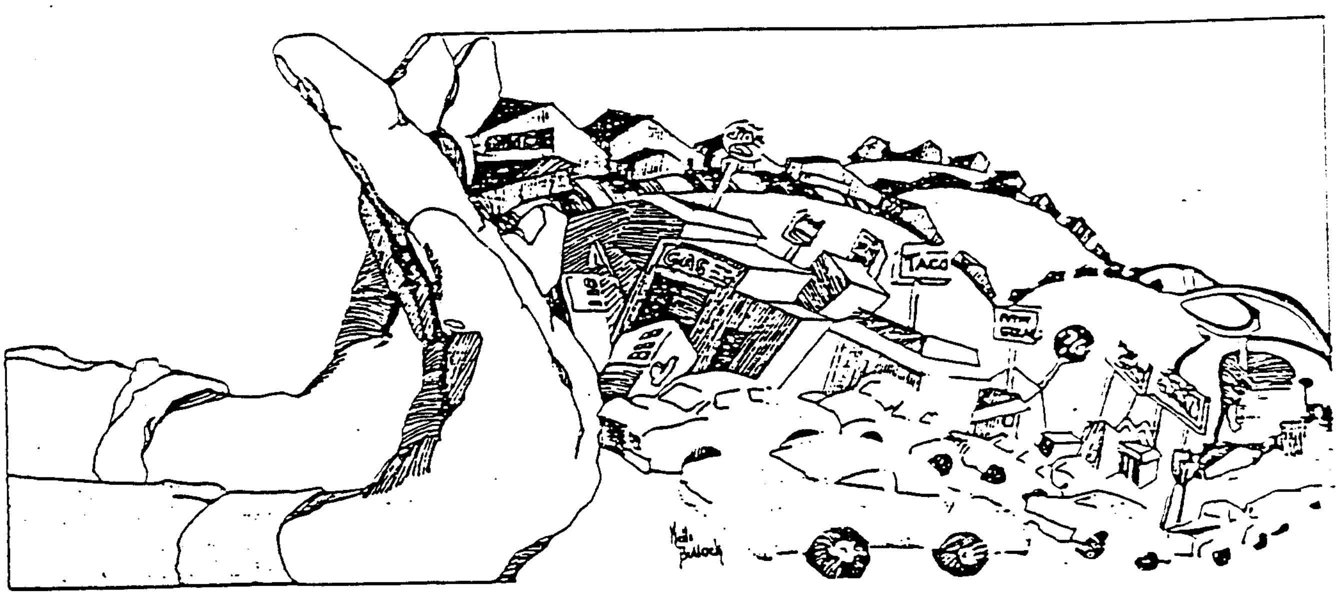

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Two final comments. First, Santa Cruz County's growth management does not deal directly with economic development, i.e. the creation of jobs. Since economic growth is the major stimulant to population growth and since the electronics industry may now expand tremendously in the County, the response to economic development pressure currently represents the greatest challenge to the growth management program. Managing land for residential growth may force long commutes or become politically impossible unless land is also managed for job growth.

Second, the growth management system represents only one aspect of land use regulation. The general plan, local coastal programs, individual land use policy ordinances, programs to provide public services, and financing structures are all part of the total picture. Decisions in these other areas may support or undermine the growth management system and they all have been significant battle grounds between the forces favoring rapid development and those seeking to control it.

What is the result of all this effort? By a democratic process, the usual rules of the development game in this county have been revolutionized, protecting the environment and the quality of life of Santa Cruz County for this and, hopefully, future generations. If we have done our job responsibly, as I believe we have, other places can implement similar schemes to their advantage. Some progress is, indeed, progress.

Sherman Lewis, Regional Exchange co-editor, and Larry Orman edited Mr. Schiffrin's more extensive original report which is available from POS for $2 per copy.

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CHAPTER 17.01

GROWTH MANAGEMENT

Sections:

17.01.010 Purpose
17.01.020 Findings
17.01.030 Policies
17.01.040 Growth Management System

17.01.010 PURPOSE. One purpose of this Chapter is to state clearly various policies which should govern the future growth and development of Santa Cruz County. A further purpose is to provide for the enactment of a Growth Management System to regulate the character, location, amount, and timing of future development so as to achieve the stated policies. A further purpose of this Chapter is to provide for increased housing opportunities for persons with average and below average incomes who wish to reside in Santa Cruz County. Finally, it is the purpose of this Chapter to protect the public health, safety, and welfare by regulating the future use and development of land in Santa Cruz County. (Ord. 2561.1, 7/5/78)

17.01.020 FINDINGS. It is hereby found and determined as follows:

(a) Rapid Population Growth. Santa Cruz County is one of the fastest growing counties in the State of California and in the United States. Since 1970, Santa Cruz County has experienced a rate of growth which has been at least twice that experienced by the State of California as a whole.

(b) Continued Growth Likely. It is likely, absent the enactment of a Growth Management System, that Santa Cruz County will continue to experience an extremely rapid rate of population growth, at a rate forecasted to be approximately twice the rate experienced by the State of California as a whole.

(c) Santa Clara County Plans for Santa Cruz County to Grow. It is particularly likely that Santa Cruz County will continue to experience rapid population growth because jurisdictions in the adjoining Santa Clara Valley have provided, in their General Plans, and in their other planning policies, to generate a demand for new residential housing which such jurisdiction plan shall be located in Santa Cruz County.

(d) Environmental Damage and Economic Effects. Rapid population growth and development is causing extremely serious adverse environmental and economic effects, some of which are specified below:

1. Loss of Agricultural Lands. The County possesses significant agricultural lands, including prime agricultural lands, and agricultural lands which, while not defined as "prime", are economically productive or potentially economically productive. Such agricultural lands are a local, state and national resource, which should be preserved. These agricultural lands are being lost to development, and the continued viability of commercial agriculture in Santa Cruz County is threatened by rapid population growth and inappropriately placed development.

2. Mineral and Timber Resources. Rapid population growth and development also threaten the timber harvesting and mineral industries which are significant factors in the County's economy.

3. Fish and Wildlife Resources. The County has other important natural resources, including wildlife, anadromous fish, and unique plant communities, which should be preserved; these are endangered by rapid growth and inappropriate development.

4. Marine Habitats. Coastal lagoons and marine habitats which should be preserved for their economic and biologic value are being degraded and destroyed by rapid population growth and inappropriate development.

5. Air and Water Quality. Rapid population growth and development are causing the degradation of Santa Cruz County's air and water quality and threatening the health and well-being of present and future residents.

6. Scenic and Aesthetic Resources. The scenic and aesthetic qualities of Santa Cruz County are being destroyed by inappropriately placed development.

7. Water Supplies. The "safe yield" capacity of natural surface and groundwater sources is being exceeded in many areas of the County, causing water supply and water quality problems which will be irreversible or extremely expensive to correct. Overpumping of the Pajaro Valley groundwater basin, in particular, threatens future agricultural water supply and, consequently, Santa Cruz County's commercial agriculture.

(e) Cost of Services. Rapid population growth and development has expanded the demand for governmentally-provided services beyond the ability of the public to pay for and provide such services. Specifically, in many parts of the County the public is unable to pay for, provide, or maintain adequately the following services required by new development:

1. An adequate number of elementary and secondary school classrooms and teachers;

2. Adequate law enforcement and fire protection;

3. Adequate roads, sewers, and water.

School overcrowding, traffic congestion, higher crime rates, and increasingly inadequate water supplies, roads, and sewage facilities will be the result of continued rapid population growth and development. These problems are greatly aggravated when new development takes place in rural areas rather than in areas where urban services can be provided at less cost to taxpayers.

(f) Housing Crisis. Santa Cruz County is experiencing a housing crisis. Increasingly, persons with average and below average incomes whose work or other connections with the County of Santa Cruz lead them to wish to live here are unable to locate housing at a price they can afford.

Economically disadvantaged citizens are increasingly excluded from living in Santa Cruz County. The increasing demand for housing in Santa Cruz County which has accompanied the rapid population growth and development now taking place has aggravated the housing crisis, and any growth management system designed to minimize or prevent the problems caused by rapid population growth and development must simultaneously provide a positive program to increase the availability of housing for people with average and below average incomes. (Ord. 2561. 1, 7/5/78)

<u>17.01.030 POLICIES</u>. The findings made in this Chapter identify environmental, economic, and housing problems caused by or associated with the rapid population growth and development of Santa Cruz County. It is hereby determined that in order to minimize or eliminate such problems, and to assure the public health, safety, and welfare, the following policies shall guide the future growth and development of Santa Cruz County.

(a) <u>Preserve Agricultural Lands</u>. It shall be the policy of Santa Cruz County that prime agricultural lands and lands which are economically productive when used for agriculture shall be preserved for agricultural use.

(b) <u>Distinguish "Urban" and "Rural" Areas</u>. It shall be the policy of Santa Cruz County to preserve a distinction between areas in the County which are "urban", and areas which are "rural". Divisions of land in rural areas shall be discouraged, and new residential developments shall be encouraged to locate in urban areas.

(c) <u>Urban Area Protection</u>. It shall be the policy of Santa Cruz County to insure that new development in the unincorporated "urban" areas does not proceed without the provision of adequate services which will enhance the quality of life for current and future residents of these urban areas; the County Capital Improvement Plan shall reflect this commitment.

(d) <u>Annual Population Growth Limit</u>. It shall be the policy of Santa Cruz County to set an annual population growth for this County which shall limit growth to that amount which represents Santa Cruz County's fair share of each year's statewide population growth.

(e) Housing for Persons with Average Incomes. It shall be the policy of Santa Cruz County that at least 15 percent of those housing units newly constructed for sale or rental each year shall be capable of purchase or rental by persons with average or below average incomes.

(f) Resource Protection. It shall be the policy of Santa Cruz County to prevent the division or other development of lands which contain timber resources, mineral resources, and wildlife habitat or other natural resources, except when any such development is conditioned so as to prevent the loss of or damage to such resources. (Ord. 2561.1, 7/5/78)

17.01.040 GROWTH MANAGEMENT SYSTEM.

(a) Within six months of the date this Chapter becomes effective, the Board of Supervisors shall enact, by such ordinance, or ordinances as may be required, a Growth Management System to regulate the character, location, amount, and timing of future residential and other development in Santa Cruz County. Said ordinance or ordinances shall provide for the establishment, each year, of an annual population growth goal which shall limit population growth during that year to an amount which represents Santa Cruz County's fair share of statewide population growth. Said ordinance or ordinances shall likewise carry out the other policies and provisions specified in this Chapter.

(b) The Board of Supervisors may, from time to time, amend any ordinance enacted by them to carry out the provisions of this Chapter. No part of this Chapter, however, shall be amended or repealed except by a vote of the people.

(c) If any portion of this Chapter is hereafter determined to be invalid, all remaining portions of this Chapter shall remain in full force and effect and, to this extent, the provisions of this Chapter are separable. (Ord. 2561.1, 7/5/78)

Gary Patton

PLANNING DEPARTMENT

GOVERNMENTAL CENTER

COUNTY OF SANTA CRUZ

701 OCEAN STREET SANTA CRUZ, CALIFORNIA 95060

AGENDA: JUNE 15, 1988
June 3, 1988

Planning Commission
County of Santa Cruz
701 Ocean Street
Santa Cruz, California 95060

Re: 1988 GROWTH RATE RECOMMENDATION

Members of the Commission:

Since the adoption of Measure J by the voters in 1978, the Board of Supervisors, on an annual basis, has set a fair share growth rate for the County. As part of taking that action, the Planning Commission reviews the staff report and recommendation and makes its recommendation to the Board.

While the process for setting a growth rate would normally be completed in the previous year, it has been deferred for 1988 because of the pending revision of the AMBAG Fair Share Housing Plan. The AMBAG report has been completed and has been reviewed by all the local land use agencies. As of this date, the report has been forwarded to the State Department of Housing and Community Development (HCD) for comments and action.

Fair Share Housing Plan

Before proceeding with the growth rate recommendation, it would be worthwhile to briefly summarize the importance of the Fair Share Plan relative to our setting of a local growth rate. Under State law, the regional governments throughout the State (AMBAG for our region) are given the responsibility to develop, for State HCD's approval, a plan which projects future population growth, and most importantly, the number of housing units needed to house the projected population. That plan--the Fair Share Housing Plan--also evaluates the percentage of that housing goal which should be provided for residents within various income categories.

The conclusions from the plan, which are usually presented as decade-long goals, are then, by State law, to be included within the locally adopted Housing Element of the General Plan. HCD reviews local jurisdictions' performance relative to those housing goals contained within the Housing Element, and has chosen Santa Cruz County as one of the land use jurisdictions to monitor statewide. From their review of the number of residential building permit allocations authorized thus far in the current decade relative to the current adopted housing goals, they have raised concerns regarding whether our annual growth rates and the associated limit in available building permits, make it impossible to meet our total housing goal for the decade.

In the meantime, at the request of Monterey County AMBAG last year began an update of the region's fair share plan. That revision includes updated job forecasts, population estimates and projections, household size estimates, and adjustments between local jurisdictions due to past or projected annexations. The final draft report indicates a total housing unit goal for the decade (1980-1989) of 8,145 units-- a reduction from the goal contained in the current plan.

County Counsel, based upon their recent successful experience in defending the County's Housing Element on this issue, has suggested that the adopted growth rate assure that the total housing goal for the decade not be precluded. That is not to suggest that the goal must be met and all units constructed, but rather that the County should not take any action to make it impossible to meet the goal. Since we are entering the final two years of the decade, that goal becomes a critical factor to consider in setting both the 1988 and 1989 growth rates.

Growth Activity to Date

As can be seen from Figure 3 in the attached Annual Growth Rate report (Exhibit A), through 1987 the County authorized 6,916 building permit allocations for constructing new residences throughout the unincorporated area. Not all of these authorized building permit allocations have resulted in building permits (due to a lower demand than supply), resulting in what has been referred to as the building permit carryover. That carryover had accumulated to 1,346 permits as of the end of 1987.

In order to maintain compliance with the current Fair Share Housing Plan, the County would need to allocate approximately 2,921 building permits over the last two years of the decade (approximately a 2.5% growth rate for both 1988 and 1989). In addition, the building permit carryover would need to remain available, if needed, to meet building permit demand.

In contrast, for the County to be consistent with the revised draft

Fair Share Housing Plan, the County would only need to authorize an additional 1,030 building permits over the final two years of the decade (approximately a 1.0% growth rate per year). This assumes, however, that the balance of the carryover is still maintained and made available as needed. Clearly, various possible combinations between growth rates and adjustments to the carryover would be possible while remaining consistent with the revised total housing goal for the decade as proposed by AMBAG.

Summary of Annual Growth Rate Report

As required by the County Code, staff has prepared an annual growth rate report for review by your Commission and the Board of Supervisors (Exhibit B). That report includes:

- a summary of both Department of Finance Estimates and AMBAG Projections regarding population;
- a brief report on annexation activity;
- the status of building permit allocations and activity since 1979;
- a summary of the resource-related issues pending which could have a bearing on setting of growth rates;
- a summary of issues in the urban issues relevant to the setting of growth rates, particularly those related to the implementation of the CIP;
- any additional issues raised by the cities;
- a report on the status of the AMBAG Fair Share Housing Plan revision;
- a growth rate analysis and possible recommendations;
- a recommended allocation of building permits for the alternative growth rates presented.

Growth Rate Recommendation

Because of the uncertainty regarding approval of the update to the Fair Share Housing Plan, staff is forwarding a range of growth rates for your Commission's review. A strong argument can be made for the continued setting a low growth rate of 1.0% for at least the current year. On the other hand, barring acceptance of the revised Fair Share Housing Plan by HCD, the County could be jeopardizing at least its ability to compete for Community Development Block Grant Funds ($600,000/year), and possibly the legitimacy of the Housing Element, by setting anything less than a 2.5 % growth rate (under the current Fair Share Plan goals).

Given past trends, whatever growth rate is set for the current year, it is likely that building permit demand will fall in the range between 1.0 and 1.5%. Therefore, if a high growth rate is set, it is very likely that additional permits will become available for the carryover reservoir at the end of the calendar year. If on the other hand, a low rate is chosen, it is likely that demand will exceed the allocations related to that growth rate, and thereby require additional draw down of the carryover. In either case, it is unlikely that the setting of a growth rate will result in an actual limitation of building permits during the current year.

What is being presented, therefore, based upon the status of the revision of AMBAG's Fair Share Housing Plan, is a range of growth rates which will allow for a maintaining a status quo relative to building permit availability. The decision of which growth rate to choose, assuming that the building permit carryover is maintained, is not a technical one, but rather a legal and political one. The choice of a low growth rate is a more accurate statement of the unincorporated area's ability to grow based upon service limitations, but could jeopardize current and future CDBG applications. The choice of a higher growth rate will minimize future difficulties with State HCD relative to CDBG applications and the status of the Housing Element, but may send the wrong message to the community relative to what the County should be doing under the growth management system. Staff is not recommending which of these positions should be taken.

Environmental Review

On March 24, 1987 the Board of Supervisors, as part of final actions for setting a 1987 Growth Rate, certified a Final EIR (Santa Cruz County Growth Management System) for the project.(Exhibit D) That EIR was written and circulated as a "program EIR", in other words, it was developed for use in reviewing the environmental impacts of future growth rate decisions. Since that EIR reviewed the impacts of the full range of growth rates presented in the attached report, no additional revisions or public comments are necessary relative to meeting CEQA requirements. Depending on which growth rate is finally chosen by the Board, additional CEQA findings may need to be made at that time.

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Additionally, as part of the Board's final action in certifying the

EIR last year, an implementation program for the EIR mitigation measures was adopted. A summary of those actions and the status of each is attached as Exhibit C. That summary indicates that significant progress has been made on a wide-ranging list of planning studies and projects.

Summary

As indicated above, staff is not recommending a specific growth rate at this time. Rather, the Commission is presented with a range of growth rate alternatives for consideration and recommendation to the Board.

It is therefore RECOMMENDED that your Commission conduct a public hearing on the 1988 Growth Rate and make an appropriate recommendation to the Board of Supervisors.

Sincerely,

Tom Burns
Assistant Planning Director

Attachments
- A. Resolution for Planning Commission Recommendation
- B. Annual Growth Rate Report
- C. Status of Implementation Programs for Growth Impact Study
- D. Final Growth Management System EIR (copy on file with the Clerk)

cc. Board of Supervisors
County Administrator
County Counsel
City Planning Directors

BEFORE THE PLANNING COMMISSION
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

RESOLUTION NO. ________

On the motion of Commissioner ____________
duly seconded by Commissioner ____________
the following Resolution is adopted:

PLANNING COMMISSION RESOLUTION RECOMMENDING A 1988 GROWTH RATE

WHEREAS, the Board of Supervisors, under the County's Growth Management System, must set an annual growth rate;

WHEREAS, in making that determination the Board must consider the Planning Commission's growth rate recommendation; and

WHEREAS, the Planning Commission has been presented with a range of growth rate alternatives (from 1.0% to 2.5%).

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the Planning Commission recommends that the Board of Supervisors adopt a growth rate of __________ % for 1988.

PASSED AND ADOPTED by the Planning Commission of the County of Santa Cruz, State of California, this _____ day of _______________, 19___, by the following vote:

AYES: COMMISSIONERS
NOES: COMMISSIONERS
ABSENT: COMMISSIONERS
ABSTAIN: COMMISSIONERS

____
Ted Durkee, Chairperson

ATTEST: __________________
Secretary

APPROVED AS TO FORM:

Jonathan Wittwer
County Counsel

DISTRIBUTION: County Counsel
Planning Department - Housing Section

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1988 ANNUAL GROWTH RATE REPORT

A number of factors must be considered prior to setting annual growth rates. The following information concerning annual population estimates and projections, the growth rates of the four cities, annexations, and data provided by the cities, along with the Planning Commission recommendation comprise the Growth Rate Report for 1988.

Department of Finance Estimates and AMBAG Projections

The most recent official estimate of population for Santa Cruz County was prepared by the State of California Department of Finance (DOF) in May of 1988. This estimate, which is prepared annually, indicates a countywide population of 225,400 (128,400 unincorporated) as of January 1, 1988, as seen in Figure 1 below.

FIGURE 1

1987 POPULATION GROWTH RATES FOR JURISDICTIONS IN SANTA CRUZ COUNTY

	1/1/87 Population Estimate	1/1/88 Population Estimate	1987 Population Growth Rate
City of Capitola	10,000	10,200	2.0%
City of Santa Cruz	46,900	48,650	3.7%
City of Scotts Valley	7,950	8,525	7.2%
City of Watsonville	28,550	29,450	3.1%
Unincorporated Santa Cruz County	127,000	128,600	1.3%
Santa Cruz County	220,400	225,400	2.3%
State of California	27,338,000	28,019,000	2.5%

Source: DOF Population of California Cities and Counties 88-E-1, May 1, 1988

As indicated above, the unincorporated area continues to grow at a slightly faster rate in population (estimates) than that established by the building permit allocation system (1.0% for 1987). Continued increases in household size and other factors continue to contribute to this discrepancy, as well as the lag between the date of building permit issuance and occupancy and the continuing conversion of seasonal-second homes to year round occupancy. According to DOF Figures, the proportion of growth occurring in the unincorporated County area for 1987 is 32% of the countywide growth. This figure can be compared with the average annual ratio of 57.5% since 1980.

Concerning population projections, AMBAG released in 1987 revised population forecasts for all of the jurisdictions in its region. The relevant data for Santa Cruz County is presented in Figure 2.

FIGURE 2

AMBAG POPULATION PROJECTIONS FOR SANTA CRUZ COUNTY/1

	1988/2	1990	1995	2000	2005
City of Capitola	10,200	10,218	10,625	10,964	11,307
City of Santa Cruz	48,650	49,525	53,721	57,994	61,940
City of Scotts Valley	8,525	9,562	11,560	13,066	13,379
City of Watsonville/3	29,450	32,737	34,830	34,830	34,830
Unincorporated Area/3	128,600	134,058	150,164	163,046	176,144
County Total	225,400	236,100	260,900	279,900	297,600

1/ for current jurisdictional boundaries

2/ from DOF Population of California Cities and Counties 88-E-1 May 1, 1988

3/ AMBAG's actual projections anticipate significant annexations in the Watsonville area which results in a shift of population from the unincorporated area into the City of Watsonville over the planning period. These annexations are not reflected in this table.

For comparison purposes, the most recent DOF 1980-2020 population projections indicate a population of 239,740 for Santa Cruz County in 1990. The DOF data indicates that both unincorporated and countywide population growth have been relatively constant over the decade. Both the AMBAG and DOF projections, therefore, predict that, under current trends, by 1990 the total County population will exceed the adopted 1990 County population goal of 232,400.

Effect of Annexations

Recent communications with the local LAFCO Director indicate that no major annexation of residential land occurred in 1987. Rescission of the Franich annexation to the City of Watsonville leaves that City/County boundary unchanged, although pending legislation may affect this. The affect of incorporation of a new city of Aptos of approximately 18,000 persons, if approved, would substantially reduce the percentage of total County population in the unincorporated portion of the County. Little short-term consequence from such an incorporation is anticipated. However, in the long--term, if the area under the land use authority of the County is reduced, the cities' land use policies will have a greater effect on Countywide growth rates.

Building Permit Status

The status of building permit issuance since the implementation of Measure J is enumerated below in Figure 3. Building permit issuance for 1987 is as of December 31, 1987.

FIGURE 3

BUILDING PERMITS ALLOCATED, ISSUE, AND CARRIED OVER 1979-1987

YEAR	CARRIED OVER	ALLOCATED	TOTAL ISSUED	EXEMPT FROM MEASURE J	SUBJECT TO MEASURE J	CARRY-OVER
1979	0	930	1062	331	731	199
1980	199	1055	1077	105	972	282
1981	282	937	960	46	914	305
1982	305	968	775	37	738	535
1983	535	972	655	36	619	888
1984	888	991	642	33	609	1270
1985	1270	757	738	28	710	1317
1986	1317	768	622	26	596	1481
1987	1481	468	644/1	41	603	1346/2

1/ More building permits were issued in 1987 than allocated for 1987 - the excess permits were issued from the carryover reservoir.

2/ As of 5/1/88, there were active 1987 building permit applications for 94 dwelling units in various stages of processing; an additional 87 building permits had been issued from the carryover.

Resource Issues

Since consideration of last year's growth rate, discussion has proceeded on two resource issues which could eventually be relevant to setting of future growth rates.

While it is not clear at this time what final decision will be made, the Pajaro Valley Water Management Agency has indicated, on a preliminary basis, their intention to contract for up to 20,000 acre-feet of water from the San Felipe Project. Recent studies indicate that additional water may need to be imported into the area to offset an existing overdraft and seawater intrusion problem. However, the extent of overdraft and the amount of water needed to mitigate this problem have yet to be quantified. If excess water is imported through the San Felipe project beyond what is needed to serve existing water users, particularly since the primary water user in the valley - agriculture - continues to increase efficiency in irrigation practices, it must be assumed that this water would be used for expanded municipal and industrial purposes. The direct effects of importing such water relative to inducing growth, as well as the indirect effects on the economics of farming and possible land conversion will need to be carefully evaluated before a final decision on contracting for this water is made.

Additionally, a Scope of Work for a study of the effectiveness of the County's rural resource protection policies was developed for consideration by the Board of Supervisors in June of 1988. This study, which is an outgrowth of the growth impact study, is proposed to commence in Fiscal Year 88-89.

Urban Service Issues

The County has pursued a number of activities over the past seventeen months to improve its ability to provide adequate services throughout the urbanized portions of the unincorporated area:

- The Board approved an updated version of the CIP which contained the largest list yet of service projects to be accomplished in one year.

- Final actions were taken establishing the Live Oak/Soquel Redevelopment Agency, the Agency issued bonds in May of this year, generating significant revenues relatively early in its lifetime. Once those revenues are received, the County will commence significantly increased efforts to upgrade the urban infrastructure in the Soquel and Live Oak areas.

- A significant revision to the CIP fee structure is currently underway. That project, once completed, will provide for increased and more equitable financing of both road and roadside improvement projects throughout the urban areas and park development in the county.

- A pilot program has been developed for phasing development in the urban area commensurate with the level of urban services available, with initial focus on the Live Oak area. That project, once completed and integrated with a timetable of construction of the CIP projects, will allow for a consistent and definable system for addressing urban infrastructure problems relative to applications for new residential, commercial, and industrial development throughout the urban areas.

While measurable progress has been made in addressing urban service issues, significant progress still remains before we actually experience large scale construction of the projects critically needed throughout the urban areas to support existing, as well as future, development.

Additional Information Provided By The Cities

In early December, 1987 each incorporated jurisdiction was requested to comment on the 1988 Growth Rate Background Data/Information Report. No comments have been received from the cities to date.

Regional Fairshare Housing Plan Status

AMBAG recently released a draft of the Regional Fairshare Housing Plan for review and comment by member jurisdictions. This plan, which indicates a reduced housing obligation for the unincorporated County, was adopted in February 1988. Subsequently, it was forwarded to the State of California Department of Housing and Community Development for their review. The numbers contained in the final plan are critical to the formulation of a growth rate recommendation, in that the state of California has indicated that the County must not, by the action of its growth management system, preclude the possibility of attaining the regional fairshare housing goal assigned to the County. In other words, to remain in compliance with the regional fairshare housing plan and to protect the County Housing Element, and thus General Plan, from legal challenge, the County must not limit the number of building permits below that necessary to meet the AMBAG goal.

Growth Rate Recommendation

The rate of population increase, as established by the Department of Finance annually, has slowed since the enactment of growth management, and has for the last several years, been slightly below the rate of growth for the State as a whole.

Because of the lack of public services and improvements and the lengthy process to design and fund such improvements, it is likely that higher growth rates will result in detrimental impacts in urban areas such as Live Oak. However, adoption of a low growth rate could endanger the legal status of the County's Housing Element and future abilities to apply for housing rehabilitation funds. Therefore a range of growth rates are being offered for consideration, from a 1% to a 2.5% rate.

Conversion of Population to Building Permits

Figure 4 presents the methodology by which the estimated population, as of 1/1/88 is converted into a building permit allocation based on one of a range of growth rates.

Estimated Total Population 1/1/88 Unincorporated Santa Cruz County	128,600
Estimated Group Quarters Population 1/1/88	- 1,990
Estimated Total Household Population 1/1/88	126,700

FIGURE 4

BUILDING PERMITS CORRESPONDING TO 1.0 - 2.5% ANNUAL GROWTH RATES

Annual Potential Growth Rates	1.0%	1.5%	2.0%	2.5%
Annual Population Increase	1267	1901	2534	3168
Persons Per Household	2.72	2.72	2.72	2.72
Associated Number of New Housing Units	466	699	932	1165
Additional New Units Required for 5.0% Vacancy Rate	23	35	47	58
Total Number of New Units Allowed	489	734	979	1223

Recommendation

Given the current state of urban services, on one hand, and the necessity to make a number of building permits available to meet the Fair Share Plan goal, on the other hand, growth rate alternatives ranging from 1.0 percent to 2.5 percent are presented for recommendation by your Commission. It is suggested that these permits be distributed as they were last year. The criteria for the distribution are listed below, while the actual numerical breakdown is included in Figure 5 for three alternative growth rates.

- o Division of the 1988 growth between urban and rural portions of the unincorporated County on a 67-33 ratio.
- o Allocation of rural permits without regard to project size or affordability.
- o Allocation of 15% of the total permits to the urban low/moderate income category.
- o Allocation of approximately 50% of the remaining urban permits to the 1-4 unit category.

- Allocation of the remaining permits to 5 and more unit categories 1/2 to 15% affordable projects and 1/2 to projects of 25% or greater affordable units (priority processing).

- Establishment of a limit for the number of new rural parcels at 50 parcels to created in 1988, based on the recommended 1.0 growth rate.

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FIGURE #5

BUILDING PERMIT DISTRIBUTION CORRESPONDING TO 1.0% - 2.5% ANNUAL GROWTH RATE

				Building Permit Allocation				
Annual Population Growth Rate	Total Number of Building Permits	Urban/ Rural Annual Population Growth Rate	Urban/ Rural Building Permits 67%/33%	Low/ Moderate Income Units	1-4 Units	5 And More Units	5 And More 25% and greater L/M	New Number Rural Land Division Parcels
1.0%	489	Urban 1.2%	328	73	127	64	64	NA
		Rural 0.7%	161					50
1.5%	734	Urban 1.8%	492	110	192	95	95	NA
		Rural 1.0%	242					50
2.0%	979	Urban 2.3%	656	147	255	127	127	NA
		Rural 1.3%	323					50
2.5%	1233	Urban 2.9%	819	183	318	159	159	NA
		Rural 1.6%	404					50

EXHIBIT C

STATUS OF IMPLEMENTATION PROGRAM
FOR GROWTH IMPACT STUDY RECOMMENDATIONS
(As of July 1988)

1. Program to monitor effectiveness of Growth Management System agricultural protection policies.

Direction: The Planning Department will include development of such a program in its proposed 1987/88 work program.
Action: The Department developed a system for monitoring development activities on CA agricultural lands as part of the 87/88 which will be implemented as part of the FY 88/89 work program.

2. Eliminate ten-year buildout capacity requirement from Urban Service Line Ordinance.

Direction: This ordinance amendment will be included in the 1987/88 General Plan/LCP Amendments.

Action: This policy and ordinance amendment was recently adopted as part of the Round # 1 General Plan Revisions.

3. Limit further expansions of the Urban Services Line until the CIP has been fully implemented.

Direction: Include in 1987/88 GP/LCP Amendments.

Action: This policy and ordinance amendment was recently approved as part of the Round# 1 General Plan Revisions.

4. Develop financing for drainage master plans.

Direction: The CAO, with assistance from Public Works, will present a plan for financing drainage master plans throughout the urban areas as part of the proposed 1987/88 Budget.

Action: Preparation of a drainage master plan for the Zone 5 area is proposed for funding through the first round of redevelopment funds. As funds begin to accrue in Zone 6, a similar effort will be undertaken there.

5. Develop a comprehensive strategy for financing the CIP projects, distinguishing between projects needed to address current problems and those needed as a result of the impacts of future development.

Direction: The CAO, with assistance from Public Works, Parks, and Planning, will be preparing a plan for financing the CIP projects for your Board's consideration before budget time this year.

Action: The CAO presented your Board with a report on CIP funding options for your consideration on April 19, 1988. That report concluded that additional evaluation was needed before your Board takes further actions and recommended that a follow-up report be returned in October of 1988.

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6. Establish Traffic Improvement Areas (TIA) to address the impacts of new development in the Carbonera and Pajaro Valley Planning Areas.

Direction: The Planning Department will include preparation of a TIA for the Freedom area as part of the 1987/88 work program. Additionally, the need for creation of a TIA in the Carbonera area will be evaluated.

Action: Due to staff vacancies, the Freedom traffic study was not completed during FY 87-88. The study will be completed in FY 88-89, either in conjunction with a study being prepared by the City of Watsonville or by the County Transportation Commission, and will be followed by the formation of a TIA in that area. After completion of that project, staff will evaluate the need for similar measures in the Carbonera area.

7. Reevaluate and revise the service impact fee structure.

Direction: The various impact fees charged new development will be evaluated during fiscal year 1987/88 with the Planning Department coordinating the project, and with assistance from the CAO, County Counsel, Parks, and Public Works.

Action: The Planning Department completed a review of both traffic and roadside fees as part of the FY 87-88 work program. In response to Board actions on that plan, staff will prepare final fee revisions and ordinance amendments as part of the FY 88-89 work program. Parks completed a revision of the Parks Dedication Fees on a similar time schedule. Drainage fees cannot be fully evaluated until completion of the various drainage master plans.

8. Develop a system for reviewing development projects proposed in urban areas with current infrastructure limitations to assure that new development does not create additional demands on facilities which are currently over capacity.

Direction: The Planning Department will include development of such a system in its proposed 1987/88 work program.

Action: Your Board recently reviewed and approved the Urban Service Evaluation Criteria (USEC) for use in reviewing development proposals in the Live Oak area. Included in the Planning Department's work program for FY 88-89 is possible expansion of the of this system to the other unincorporated urban areas.

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9. Recognize the need for evaluating service needs/limitations in the more urbanized portions of the rural county area.

Direction: After completion of the current urban area parks master plan, the Parks Department has indicated their intention to complete a similar plan for the rural portions of the County. Additionally, as part of completing drainage master plans, such a plan should be completed for the Zone 8 area (San Lorenzo Valley). Lastly, service limitations should considered prominently in the upcoming update to the County General Plan.

Action: The Parks Department will be starting a rural parks plan during FY 88-89. Funding for development of drainage master plans in the rural areas has not been located, however, these areas will indirectly benefit from the analysis which will take place for the urban areas. Lastly, service limitations will be a factor considered as part of the general plan revision which will begin in FY 88-89.

10. Prepare a detailed analysis of the impacts of development in the rural and urban areas and the effectiveness of the County's current regulations for protecting natural resources.

Direction: The Planning Department will prepare a work program and estimated financing requirements for such a study for consideration as part of the 1987/88 Budget.

Action: A report which presented an overview of the various approaches which can be taken to address the impacts of development in the rural areas was recently approved by your Board. Included at that time were a series of actions to be taken by various county departments during FY 88-89 and subsequent years to accomplish the purpose of this study.

11. Develop a computerized system for tracking the location of new development in the rural areas relative to mapped resources and constraints.

Direction: Once the EMIS system is on line the Planning Department will work with Data Processing to develop such a system. (future work programs)

Action: While the EMIS system is still not on line, as part of the work item discussed, it is proposed that student workers be hired to manually evaluate the location of newly created rural lots and building permits for new dwelling units for potential impact on rural resources.

12. Update AMBAG'S Fair Share Housing Plan to reflect the most recent demographic information and population projections.

Direction: The Planning Department, through work on the recently adopted revisions to the Housing Element of the General Plan, have been and will continue to work with AMBAG on this issue.The Planning Department will work with AMBAG to review the state requirements for the development of Fair Share Housing Plans and make appropriate recommendations to the Board for possible legislative actions to correct identified deficiencies.

Action: The Planning Department has worked closely with AMBAG over the past year with their update of the Fair Share Housing Plan. That revision was forwarded to State HCD in April of 1988. As well, the Department has worked with AMBAG to develop changes to the legislation governing the development of such plans.

13. Evaluate a number of potential new or expanded programs for encouraging the development of affordable housing throughout the County.

Direction: The Planning Department will include time for evaluating and implementing those programs found to be effective in providing greater affordable housing opportunities in its proposed 1987/88 work program. (This analysis will include those programs recommended in both the Knox Report and the letter of Dean Kingston.)

Action: In June of 1988 the Board reviewed and accepted a report from the Planning Department analyzing various housing program changes. Appropriate actions were initiated to implement the recommendations of that report.

14. Develop a program and priorities for use of Redevelopment Agency affordable housing funds in the Soquel/Live Oak areas.

Direction: Once the Redevelopment Plan is approved, the Planning Department will work with the CAO's Office to develop such programs and priorities.

Action: As part of the report discussed above, the Planning Department, in consultation with the CAO's Office, presented generalized program alternatives for funding by the Redevelopment Agency. Those actions will be more thoroughly explored as the Redevelopment Plan is implemented.

15. As part of the annual actions taken is setting the next year's growth rate, changes in household size, significant new resource issues which have arisen, and the status of CIP implementation should be provided.

Direction: As part of the Planning Department's annual growth rate report the above noted information will be provided.

Action: The items discussed above have been included in the current growth rate report.

16. The carryover of building permit allocations from one year to the next should be restricted to only affordable housing units.

Direction: Staff is recommending that the carryover of building permit allocations be maintained as currently administered, with the intention of reevaluating the carryover system as part of setting the 1988 fair share growth rate. That reevaluation will look at both the issues of phasing any changes along with any opportunities to utilize the carryover to produce additional affordable housing.

Action: Until there is final resolution of the revision to the Fair Share Housing Plan, no action should be taken on the carryover. Once there is final resolution of that issue staff will return to the Board with appropriate recommendations.

17. Evaluate the growth which has occurred in jobs versus residential development in the County, particularly focusing on the individual land use jurisdictions.

Direction: Planning staff will propose (with the assistance of State EDD) as part of the 1987/88 work program, the development of basic data which will allow for a review of trends in jobs and housing growth over time for the County and each city. The final work product from this program will be formatted to allow for transmittal to the ci
in implementing the County Growth Management System.

Action: The Planning Department reported to the Board several months ago that the EDD data did not exist in the needed format, and, therefore, this project could not proceed.

CHAPTER 17.04

ANNUAL POPULATION GROWTH GOAL FOR SANTA CRUZ COUNTY

Sections:

17.04.010	Purpose
17.04.015	Coastal Zone Amendment
17.04.020	Definitions
17.04.030	Long Range Countywide Population Growth Rate and Growth Goals
17.04.040	Unincorporated County Share of Countywide Population Growth
17.04.050	Procedures and Criteria for Determining Each Year's Population Growth Goal
17.04.060	Implementation
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17.04.070	1979 Growth Rates
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17.04.010 PURPOSE.

(a) The Board of Supervisors finds, pursuant to the General Plan, the Local Coastal Program Land Use Plan and Sections 17.01.010 through 17.01.040 of this Code, that it is necessary and appropriate to establish a yearly population growth goal for Santa Cruz County. Each year's population growth goal shall limit population growth during that year to an amount determined by the Board to represent Santa Cruz County's fair share of statewide population growth. Each year's population growth goal is to include plans to assist and encourage the production of a number of housing units equal, on the average, to not less than 15 percent of the newly constructed units during any three consecutive years which will be capable of purchase or rental by persons with average or below average incomes.

(b) It is the purpose of this Chapter to enhance the long-range process of planning for future population growth, for the protection of natural resources and for the orderly provision of public services, by establishing a long-range multi-year population growth goal, and proposed annual population growth goals consistent with such long-range growth goal, so as to establish a maximum proposed growth rate and growth goal for the specified long-range period, against which, the annual population growth goals to be adopted by the Board shall be measured.

(c) It is also the purpose of this Chapter to establish separate growth rates for urban and rural portions of the County in order to encourage residential developments to locate in urban areas, pursuant to Subsection (b) of Section 17.01.030 of this Code. (Ord. 2649, 3/27/79; 2785, 9/25/79; 3187, 1/12/82; 3328, 11/23/82)

17.04.015 COASTAL ZONE AMENDMENT. Any revision to this Chapter which applies to the Coastal Zone shall be reviewed by the Executive Director of the California Coastal Commission to determine whether it constitutes an amendment to the Local Coastal Program. When an ordinance revision constitutes an amendment to the Local Coastal Program such revision shall be processed pursuant to the hearing and notification provisions of Chapter 13.03 of the County Code and shall be subject to approval by the California Coastal Commission. (Ord. 3328, 11/23/82)

17.04.020 DEFINITIONS.

"Countywide" population. The total permanent population residing in Santa Cruz County, including residents of the incorporated cities. This is to be distinguished from the "County" population, which refers to the residents of the unincorporated portions of the County.

Housing units affordable by low and moderate income households shall mean:

1. Newly constructed units which shall rent or sell at a price the monthly payments of which shall not exceed 27 percent of the income of a household whose income does not exceed 120 percent of the median income;

2. Units constructed pursuant to the County's Affordable Housing Requirements, County Code Chapter 17.10; and

3. Affordable units newly constructed pursuant to federal or state subsidy programs, including HUD Section 8, HUD Section 202, HUD Section 235, HUD Conventional Public Housing, FmHA Section 502, FmHA Sections 514/516, and FmHA Section 515. (Ord. 2649, 3/27/79; 3118, 6/9/81; 3232, 5/11/82; 3328, 11/23/82)

<u>17.04.030 LONG RANGE COUNTYWIDE POPULATION GROWTH RATE AND GROWTH GOALS</u>. The Board of Supervisors finds that a reasonable countywide population growth rate for the years 1982 through 1990 inclusive is on the average two percent per year, and that such reasonable long-term and countywide growth rate should be achieved by establishing a countywide growth rate goal for the years 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, and 1990, of two percent per year, for each of such years. An average annual growth rate of two percent will result in a countywide population of 232,400 persons in the year 1990, which shall be the maximum countywide population growth goal for the period from 1982 through 1990, inclusive. (Ord. 2649, 3/27/79; 3187, 1/12/82; 3328, 11/23/82)

<u>17.04.040 UNINCORPORATED COUNTY SHARE OF COUNTYWIDE POPULATION GROWTH</u>. The long-range population growth rate goal for the unincorporated County is established to be, on the average, two percent per year. This rate of growth for County population will maintain the historical proportion of 56 percent of the countywide growth having occurred within the unincorporated area. The two percent County growth rate shall be maintained unless or until such time as new data, annexations, or other events may indicate that the historical proportions of growth have changed, in which case a new figure shall be selected. An average annual growth rate of two percent will result in a population in the unincorporated area of the County of 130,145 persons in 1990. (Ord. 2649, 3/27/79; 3187, 1/12/82; 3328, 11/23/82)

<u>17.04.050 PROCEDURES AND CRITERIA FOR DETERMINING EACH YEAR'S POPULATION GROWTH GOAL</u>.

(a) By September 30, each year, the Board of Supervisors shall hold at least one public hearing, and, after such public hearing, shall establish the following calendar year's population growth goal for the unincorporated County. The annual population growth goal for the unincorporated County shall be determined based upon the following factors:

1. The annual estimate and projections of population growth prepared by the State Department of Finance;

2. An analysis prepared by the Planning Director summarizing actual growth patterns in the cities and County during the previous year's population growth controls;

3. Additional information or recommendations that may be provided by the incorporated cities.

4. Review of the appropriateness of the County's proposed annual growth goal in light of city annexations of unincorporated territory and other city growth patterns;

5. The recommendations of the Planning Commission;

6. Any other factors which the Board determines to be relevant to the determination of the annual population growth goal.

(b) During the long-range planning period specified in this Chapter, the annual countywide population growth rate goal, and the growth rate goal for the unincorporated County, shall be the growth rate goals established by Sections 17.04.030 and 17.04.040 of this Chapter, unless, by ordinance, the Board of Supervisors shall set a different annual population growth rate goal, based on the factors specified in this section.

(c) The annual population growth goal shall consist of a growth rate for the unincorporated County area, separate growth rates for urban and rural areas of the unincorporated County, and/or other such geographic area goals or housing unit targets as the Board shall deem appropriate. (Ord. 2649, 3/27/79; 3187, 1/12/82; 3328, 11/23/82)

17.04.060 IMPLEMENTATION.

(a) Following establishment of the following year's population growth goal, and prior to December 31 of the current year, the Planning Department is hereby authorized and directed to submit to the Board of Supervisors for approval such regulations as are necessary to give effect to the terms of this Chapter and to limit or encourage development permits so as to achieve the established rate of population growth. Such regulations shall become effective when published in a newspaper of general circulation in the County. Such regulations may be amended from time to time with the approval of the Board of Supervisors.

(b) The Planning Director shall be responsible for the preparation of periodic summaries of population changes and permit activity and shall keep the Board informed of progress made and/or difficulties encountered in implementing the annual population growth goal. (Ord. 2834, 12/18/79; 3122, 6/23/81; 3328, 11/23/82)

17.04.065 CARRY-OVER OF PERMITS.

(a) Any allocations of permits for low and moderate cost units not actually issued in 1979 and each succeeding year shall be added to the reservation of such permits in succeeding years to the end that, on the average, not less than 15 percent of newly constructed units during any three consecutive years shall be affordable by low and moderate income households.

(b) Market rate permits allocated in any one calendar year which are not utilized in that year may be reallocated in the following year at the discretion of the Board of Supervisors. (Ord. 2834, 12/18/79; 3122, 6/23/81; 3328, 11/23/82)

17.04.070 1979 GROWTH RATES.

(a) Overall Growth Rate. The overall population growth rate for calendar year 1979 in the unincorporated area shall be 2.2 percent. This rate corresponds to an increase in population of 2,140 persons, or 930 new residential units.

(b) Urban Growth Rate. The population growth rate for areas designated urban by the growth management plan shall be 2.5 percent. This rate corresponds to an increase of 850 persons in the rural areas, or 370 permits.

(c) Rural Growth Rate. The population growth rate for areas designated rural by the growth management plan shall be 1.9 percent. This rate corresponds to an increase of 850 persons in the rural areas, or 370 permits.

(d) Low and Moderate Income Housing. Pursuant to Subsection (e) of Section 17.01.030 of this Code, at least 15 percent of the total County permits for 1979 shall be reserved for housing units affordable by low and moderate income households. This figure corresponds to a minimum of 140 permits for low and moderate cost units. In the event the Board of Supervisors determines during 1979 that there are insufficient projects in process to use the total allocation of such permits for that year, the Board may allocate the excess permits for other housing units; provided, however, that the number of housing units for the succeeding year(s)shall be adjusted to the end that, on the average, not less than 15 percent of newly constructed units during any three consecutive years shall be affordable by low and moderate income households.(Ord. 2758, 9/25/79; 3328, 11/23/82)

17.04.075 REALLOCATION OF UNUSED LOW AND MODERATE INCOME UNITS. In the event the Board determines during any year that there are insufficient projects in process to use the total allocation of permits for housing units affordable by low and moderate income households for that year, the Board may allocate the excess permits for other housing units; provided, however, that the number of housing units for the succeeding year(s) shall be adjusted to the end that, on the average, not less than 15 percent of newly constructed units during any three consecutive years shall be affordable by low and moderate households. (Ord. 2836, 1/8/80; 3328, 11/23/82)

17.04.080 1980 GROWTH RATES.

(a) Overall Growth Rate. The overall population growth rate for calendar year 1980 in the unincorporated area shall be 1.4. percent. This rate corresponds to 1055 new residential units.

(b) Urban Growth Rate. The population growth rate for areas designated urban by the growth management plan shall be 2.9 percent. This rate corresponds to 710 permits.

(c) Rural Growth Rate. The population growth rate for areas designated rural by the growth management plan shall be 1.7 percent. This rate corresponds to 345 permits.

(d) Low and Moderate Income Housing. Pursuant to Subsection (e) of Section 17.01.030 of this Code, at least 15 percent of the total county permits for 1980 pursuant to subsection (a) hereof shall be reserved for housing units affordable by low and moderate income households. This figure corresponds to a minimum of 158 permits for low and moderate cost units. Pursuant to Section 17.04.065, the allocation of approximately 130 permits for low and moderate cost units not actually issued in 1979 shall be added to the reservation of such permits in 1980 for an overall total of 288 permits to be issued in 1980. (Ord. 2834, 12/18/79; 2859, 2/12/81; 3328, 11/23/82)

13.50.081 1981 GROWTH RATES.

(a) Overall Growth Rate. The overall population growth rate for calendar year 1981 in the unincorporated area shall be 2.1 percent. This rate corresponds to 937 new residential units.

(b) Urban Growth Rate. The population growth rate for areas designated urban by the growth management plan shall be 2.6 percent. This rate corresponds to 656 permits.

(c) Rural Growth Rate. The population growth rate for areas designated rural by the growth management plan shall be 1.4 percent. This rate corresponds to 281 permits.

(d) Low and Moderate Income Housing. Pursuant to Subsection (e) of Section 17.01.030 of this Code, at least 15 percent of the total County permits for 1981 pursuant to Subsection (a) hereof shall be reserved for housing units affordable by low and moderate income households. This figure corresponds to a minimum of 141 permits for low and moderate cost units. Pursuant to Section 17.04.065, the portion of the allocation of permits for low and moderate costs units not actually issued in 1980 shall be added to the reservation of such permits in 1981.

(e) Small Contractor Program. From those units allocated in 1981 for market rate projects, the Board of Supervisors may set aside units for small contractors who agree to construct and commence construction of housing units affordable by low and moderate income households. Such units shall be granted to eligible contractors based on the ratio of three market rate units given for each affordable unit constructed. The Board of Supervisors shall, by resolution, establish program guidelines to carry out the provisions of this section. (Ord. 2996, 10/14/80; 3139, 7/28/80; 3328, 11/23/82)

a) an analysis of the gross revenue from the agricultural products grown in the area for the five years immediately preceding the date of filing the application.

b) analysis of the operational expenses, excluding the cost of land, associated with the production of the agricultural products grown in the area for the five years immediately preceding the date of filing application.

5. That the conversion of such land around the periphery of the urban areas (as defined by the Urban Services Line or the Urban/Rural Boundary) would complete a logical and viable neighborhood and contribute to the establishment of a stable limit to urban development; and

6. That the conversion of such land would not impair the viability of other agricultural lands in the area.

(f) Any amendment to eliminate or add a Type 1, Type 2 or Type 3 agricultural land designation constitutes a change in the County General Plan and must be processed concurrent with a General Plan amendment. Any amendment of a Type 3 designation also constitutes a change in the Local Coastal Program Land Use Plan which must be processed concurrently with a Land Use Plan amendment subject to approval by the State Coastal Commission. (Ord. 2621, 1/23/79; 2677, 5/15/79; 2800, 10/30/79; 3336, 11/23/82; 3447, 8/23/83; 3685, 10/1/85)

<u>16.50.060 FEES</u>. Fees for applications to amend designations of agricultural land types shall be set by resolution of the Board of Supervisors. (Ord. 2621, 1/23/79; 2677, 5/15/79; 2800, 10/30/79; 3336, 11/23/82; 3447, 8/23/83)

<u>16.50.070 PRESERVATION OF TYPE 1 AGRICULTURAL LANDS</u>.

(a) Lands designated as Type 1 agricultural land shall be maintained in the Commercial Agriculture ("CA") Zone District, or if within a Timber Preserve, be maintained in the Timber Preserve ("TP") Zone District, or if within a public park, be maintained in the Parks and Recreation ("PR") Zone District. The following parcels, designated as Type 1 agricultural land, shall be maintained in the Agricultural Preserve ("AP") Zone District: Assessors Parcel Numbers 86-281-07, 86-281-24. Type 1 land shall not be rezoned to any other zone district unless the Type 1 designation is first removed pursuant to Section 16.50.050.

(b) Santa Cruz County shall not approve land division applications for parcels within the Type 1 designation except where it is shown, pursuant to Section 13.10.315 of the Santa Cruz County Code, that such divisions will not hamper or discourage long-term commercial agricultural operations.

(c) Santa Cruz County shall not approve or support expansion of sewer or water district boundaries, or expansion of municipal boundaries, onto Type 1 agricultural lands. (Ord. 2621, 1/23/79; 2677, 5/15/79; 2983, 9/2/80; 3336, 11/23/82; 3447, 8/23/83)

16.50.075 PRESERVATION OF TYPE 2 AGRICULTURAL LANDS.

(a) Lands designated as Type 2 agricultural land shall be maintained in the Commercial Agriculture ("CA") Zone District, or if within a Timber Preserve, be maintained in the Timber Preserve ("TP") Zone District, or if within a public park, be maintained in the Parks and Recreation ("PR") Zone District. Type 2 land shall not be rezoned to any other zone district unless the Type 2 designation is first removed pursuant to Section 16.50.050.

(b) Santa Cruz County shall not approve land division applications for parcels with a Type 2 designation except where it is shown, pursuant to Section 13.10.315 of the Santa Cruz County Code, that the viability of the land for commercial agricultural use will not be reduced by such land division. (Ord. 2621, 1/23/79; 2677, 5/15/79; 2813, 11/20/79; 2983, 9/2/80; 3336, 11/23/82; 3447, 8/23/83)

16.50.080 PRESERVATION OF TYPE 3 AGRICULTURAL LANDS.

(a) Lands designated as Type 3 agricultural land shall be maintained in the Commercial Agriculture ("CA") Zone District, or if within a Timber Preserve, be maintained in the Timber Preserve ("TP") Zone District, or if within a public park, be maintained in the Parks and Recreation ("PR") Zone District. The following parcels, designated as Type 3 agricultural land, shall be maintained in the Agricultural Preserve ("AP") Zone District: Assessor's Parcels Number 46-021-05, 54-261-05, 57-121-25, 57-201-13. Type 3 land shall not be rezoned to any other zone district unless the Type 3 designation is first removed pursuant to Section 16.50.050.

(b) Santa Cruz County shall not approve land divisions for parcels within the Type 3 designation except where such land divisions meet the requirements set forth in Section 13.10.315 of the Santa Cruz County Code.

(c) Santa Cruz County shall prohibit the placement of sewer or water lines, other than for agricultural use, on Type 3 agricultural land. Sewer transmission lines to and from the City of Watsonville sewage treatment plant and raw water transmission lines from North Coast sources to the City of Santa Cruz shall be exempt from this policy only if safeguards are adopted which assure that such facilities will not result in the conversion of Type 3 agricultural lands to nonagricultural uses. Such safeguards shall include, but not be limited to:

1. Deed restrictions to prohibit hookups to trunk lines through agricultural lands, and

2. Prohibit the levying of assessment fees against prime agricultural land for the construction of sewage transmission lines running through them.

(d) Santa Cruz County shall oppose the expansion of municipal boundaries which would include Type 3 agricultural land within municipal boundaries. (Ord. 2621, 1/23/79; 2677, 5/15/79; 2813, 11/20/79; 2983, 9/2/80; 3336, 11/23/82; 3447, 8/23/83)

16.50.085 PROTECTION OF NONCOMMERCIAL AGRICULTURAL LAND.

(a) The division of land outside the Coastal Zone which is designated in the General Plan as Agriculture land use but which is not designated as Type 1 or Type 2 commercial land shall be permitted only to minimum parcel sizes in the range of 10 to 40 acres per parcel based on Chapter 13.14, of the County Code pertaining to rural residential density requirements. Where the Agricultural Policy Advisory Commission confirms that such land is not viable for commercial agricultural use, land divisions may be permitted to minimum parcel sizes in the range of 2-1/2 to 20 acres per parcel based on Chapter 13.14 unless the parcel is surrounded to the extent of 50 percent or more by lands designated in the General Plan as Agricultural Resource (commercial agricultural land) and/or Mountain Residential, in which case the density range shall stay at 10 to 40 acres per parcel.

(b) Land without a Type 1 or Type 2 designation may be divided from parcels with such a designation (including parcels subject to Land Conservation Act contracts) only when:

1. Potential use of the "removed" parcel will not adversely impact the agricultural activities of the larger area; and

2. There is little likelihood for subsequent intrusion of nonagricultural development into larger, exclusively agricultural areas; and

3. The "removed" property is at the edge of an agricultural area and is physically separated from the adjacent agriculture by topographic features, extensive vegetation, or physical structures; or the nonagricultural land is part of an agricultural parcel which exists separately from other agricultural areas; and

4. A cancellation petition is filed, prior to filing of the final map, for the "removed" parcel when the property is subject to a Land Conservation Act contract.

(c) The division of land designated for agricultural land use on the Local Coastal Program Land Use Plan but not designated as Type 3 agricultural land shall be permitted only to minimum parcel sizes in the range of 10 to 40 acres per parcel based on Chapter 13.14 of the Santa Cruz County Code pertaining to rural residential density requirements and only where:

1. It is documented that renewed or continued agricultural use of such land is not feasible; and

2. It is documented that such land does not meet the criteria for Type 3 agricultural land as defined in Section 16.50.040 (c); and

3. It is shown that such division will not hamper or discourage long-term agricultural use of adjacent lands; and

4. Adequate building setbacks can be maintained to buffer adjacent agricultural activities; and

5. The owner and residents of the subject property have executed a hold harmless agreement with the adjacent agricultural operators and owners. (Ord. 3336, 11/23/82; 34467, 8/23/83; 3602, 11/6/84; 3845, 6/23/87)

(d) Nothwithstanding any other provision of this code, property inside the Coastal Zone with a minimum parcel size of 40 acres may have that portion of the land without a Type 3 designation divided from that portion with such a designation only when:

1. The division is for a public purpose on land in public ownership; and

2. Potential use of the "removed" parcel will not adversly impact the agricultural activities of the larger areas;

3. There is little likelihood for subsequent intrusion of nonagricultural development into larger, exclusively agricultural areas; and

4. The "removed" property is at the edge of an agricultural area and is physically separated from the adjacent agriculture by topographic features, extensive vegetation, or physical structures; or the nonagricultural land is part of an agricultural parcel which exists separately from other agricultural areas. (Ord. 3845, 6/23/87)

16.50.090 PUBLIC NOTIFICATION REQUIREMENTS.

(a) A person who is acting as an agent for a seller of real property which is located adjacent to agricultural land, as designated on the Agricultural Resources Map of the County, or the seller if he or she is acting without an agent, shall disclose to the prospective purchaser that:

"The property is located adjacent to agricultural land as designated on the Agricultural Resources

Map of the County, and residents of the property may be subject to inconvenience or discomfort arising from the use of agricultural chemicals, including herbicides, insecticides and fertilizers; and from the pursuit of agricultural operations including plowing, spraying, pruning and harvesting which occasionally generate dust, smoke, noise and odor. The County has established a 200 foot agricultural buffer setback on the herein described property to separate agriculutural parcels and non-agricultural uses involving habitable spaces to help mitigate these conflicts. Any development on this property must provide a buffer and setback as specified in County Code. Santa Cruz County has established agriculture as a priority use on productive agricultural lands, and residents of adjacent property should be prepared to accept such inconvenience or discomfort from normal, necessary farm operations."

(b) The following statement shall be included in any deposit receipt for the purchase of real property adjacent to agricultural land, as designated on the Agricultural Resources Map of the County, and shall be included in any deed conveying the property:

"The property described herein is adjacent to land utilized for agricultural purposes and residents of said property may be subject to inconvenience or discomfort arising from the use of agricultural chemicals, including herbicides, pesticides and fertilizers; and from the pursuit of agricultural operations including plowing, spraying, pruning and harvesting which occasionally generate dust, smoke, noise and odor. The County has established a 200 foot agricultural buffer setback on the herein described property to separate agricultural parcels and non-agricultural uses involving habitable spaces to help mitigate these conflicts. Any development on this property must provide a buffer and setback as specified in County Code. Santa Cruz County has established agriculture as a priority use on productive agriculture lands, and residents of adjacent property should be prepared to accept such inconvenience or discomfort from normal, necessary farm operations."

(c) The County Building Official shall require, prior to issuance of building permits for parcels adjacent to commercial agricultural lands, as designated on the Agricultural Resources Map, either:

1. Recordation of the following statement of acknowledgement by the owners of the property on a form approved by the Building Official:

"The undersigned ... do hereby certify to be the owner(s) of the hereinafter legally described real property located in the County of Santa Cruz, State of California: ... and do hereby acknowledge that the property described herein is adjacent to land utilized for agricultural purposes, and that residents or users of this property may be subject to inconvenience or discomfort arising from the use of agricultural chemicals, including herbicides, insecticides, and fertilizers; and from the pursuit of agricultural operations, including plowing, spraying, pruning and harvesting which occasionally generate dust, smoke, noise and odor. It is understood that the County has established a 200 foot agricultural setback on the herein described property to separate agriculutural parcels and non-agricultural uses involving habitable spaces to help mitigate these conflicts. Any development on this property must provide a buffer and setback as specified in County Code."

"And further acknowledge that Santa Cruz County has established agriculture as a priority use on productive agricultural lands, and that residents of adjacent property should be prepared to accept such inconvenience or discomfort from normal, necessary farm operations.

"This statement of acknowledgement shall be recorded and shall be binding upon the undersigned, any future owners, encumbrances, their successors, heirs or assignees. The statements contained in this statement of acknowledgement are required to be disclosed to prospective purchasers of the property described herein, and required to be included in any deposit receipt for the purchase of the property, and in any deed conveying the property."; or

2. Evidence that the above statement has been made part of the parcel deed. (Ord. 2621, 1/23/79; 3336, 11/23/82; 3447, 8/23/83; 3750, 4/22/86)

16.50.095 AGRICULTURAL BUFFER SETBACKS.

(a) All development on Type 1, Type 2, or Type 3 agricultural land and all development within 200 feet of such agricultural land shall:

1. Provide a buffer between agricultural and nonagricultural uses involving habitable spaces, including residential development, farm labor housing, commercial, industrial or institutional structures, or recreational uses. Within the Coastal Zone where residential development at net densities of one or more units per acre is sited immediately adjacent to Type 3 agricultural land, a buffer setback of 200 feet shall be required with fencing and vegetative screening (windbreaks) as appropriate. In other cases, a buffer setback of 200 feet shall be required unless the Agricultural Policy Advisory Commission establishes a lesser distance based on the following findings:

(i) significant topographic differences exist between the agricultural and nonagricultural uses which eliminate the need for a 200 foot setback; or

(ii) permanent substantial vegetation or other physical barriers exist between the agricultural and nonagricultural uses which eliminate the need for a 200 foot setback; and

(iii) the distance established is adequate to prevent conflicts between the nonagricultural development and the adjacent use; and

(iv) that permanent fencing and/or vegetative screening (windbreaks) will be established prior to occupancy.

Outside the Coastal Zone findings (i) and (ii) are optional.

APPENDIX B

Background material on growth changes in non-metropolitan regions, San Luis Obispo County changes, and economic development approaches for rural areas.

1. Ward, "Rural and Small Town Planning in a New Era," (Part I: The New Rural Condition). November, 1987.

2. Polvi, "Smart City," Western City, September, 1988.

3. Malizia, "Economic Development in Smaller Cities and Rural Areas," APA Journal, Autumn, 1986.

4. Wells Fargo Bank, "San Luis Obispo: 2010."

5. San Luis Obispo County Planning Department, Countywide Population Projections, and Estimated Build-Out Capacity of Land Use Element.

6. City and Regional Planning Department, Cal Poly, "Attitudes About Growth: A Scan of San Luis Obispo County Residents and Decision-Makers," April, 1988.

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RURAL AND SMALL TOWN PLANNING IN A NEW ERA

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"Rural and Small Town Planning in a New Era"

Edward J. Ward

The premise of this paper is that a new emerging nonmetropolitan reality is revealing: (1) theoretical and applied limitations to rural and small town planning; and (2) limited political response to opportunities presented in creating a new rural environment. A growing body of literature on the recent demographic and economic renaissance of nonmetropolitan regions in the United States, as well as regions stagnating and declining, are bringing attention to issues and challenges. It also reveals a wide diversity... "Nonmetro counties are widely diverse in patterns of population change, sociodemographic composition, and economic structure. Moreover, the sociodemographic context within which recent population change has occurred varies significantly across the country." (Brown and Beale in Howley and Mills).

While the diversity itself is an indication of a new era, it also means that we need to understand broad patterns of change as a context for the specifics of differences within local jurisdictions, and as a basis for improving professional and political perspectives in meeting positive opportunities and not just mitigating negative implications of change.

Towards this end, I would like to present a synthesis of interpretations as to the meaning and significance of a new era - a "new" countryside - and analysis of several major limitations to rural and small town planning. Part I attempts to outline a perspective as to the former. Part II deals with land use planning limitations as to the natural environment, agricultural systems, aesthetics of development, and settlement patterns. While discussion and reference material used deals with rural and small town planning generally, the California experience predominates in terms of available research and studied change, but which has relevance for many other rural regions (see Bradshaw and Blakely, 1979).

The reality of a new era presents political and planning problems and opportunities quite different from the relatively recent past as it represents nothing less than a restructuring of rural regions (and metropolitan regions as well). More effective political and technical capacities are needed if opportunities are to be realized and the avoidance of undesirable conditions evolving by default. We need to juxtapose the tasks of creating a new vision and overcoming theoretical and applied limitations in rural and small town planning.

Jessinger

PART I

THE NEW RURAL CONDITION

Economic and Social Change

In the past in rural regions across the country, agriculture, food processing and natural resource extraction were the dominant economic activities with small urban areas providing services and commercial support. Change was gradual and largely dependent on the ups and downs of these primary activities. There were, more or less, relative degrees of similarity among rural regions stemming from a common agricultural heritage. This also extended to the long established massive migration pattern of millions of rural people to urban areas. There were sharp distinctions between urban and rural lifestyles. It is now clear that great changes have broken this down creating a wide diversity of rural situations. We have been caught short on this because of a collective preoccupation with metropolitan problems and an ignorance of rural areas.

The much publicized population growth, the reverse migration phenomenon, is only the best known. It is accompanied by a broad range of economic and social changes that is even transforming some rural areas into an urban type service and high tech economy. In those areas experiencing population turn around the most significant economic changes are (Bradshaw and Blakely, 1982 (b); Shapira, (a)): the decline in agricultural and extractive employment has nearly bottomed out; manufacturing, while still small compared to other sectors, added a great number of jobs in non-metropolitan areas; the service sector has increased its share of employment to two thirds of the total; professional and managerial jobs were among the fastest growing; self-employment is significantly greater in non-metropolitan areas, indicating the importance of small business in rural communities; a great increase in numbers of women in the labor market (corresponding to urban trends); rural areas still suffer wage inequalities but the gap is narrowing. It has been demonstrated that migration from cities to non-metropolitan areas has been highest among well educated and skilled white population (Frey, 1979; Blakely and Bradshaw, 1981). The motivational basis involves the known so-called push-push factors in which non-economic values are more significant than income. quality of life appears to be the dominating variable in both negative and positive expressions.

The diversity of the rural condition is becoming clearer. Bradshaw's and Blakely's research reveals a varying pattern. While agriculture remains critical in rural areas, it no longer dominates most of their economics both in income and employment. Both agricultural decline and stabilization conditions exist, with corresponding differences in affluence standards. In some areas, agriculture is providing more year-round employment and making greater use of highly skilled experts, managers, and operators; in other areas very little of this type of change is occurring. Manufacturing growth is much more important and significant in some local regions than in others. High-technology firms are showing up in rural areas in different regions of the country. Service sector expansion provides different expression of economic growth; large insurance firms in Wisconsin and small businesses and tourism in

Vermont. In California, Bradshaw and Blakely identify five types of rural communities: 1) university/professional--communities based on expertise associated with higher institutions and professional services; 2) government and trade communities--usually county seats, where service delivery and trade are the leading employment-generating sectors; 3) resort/tourist communities--very attractive places that attract not only tourists but many persons such as writers and artists who are economically active, but able to live away from the city; 4) retirement communities--use the pension and Social Security income of the residents as a significant input into the local economy; 5) counterculture communities--include people who have dropped out of the major economic system and are doing subsistence farming and odd jobs and thus represent a potential pool of talent for new enterprises.

Bradshaw and Blakely conclude, as a consequence of these development patterns, that rural economics have changed (or are changing) from single industry agriculture-extraction economic bases to complex, diverse, modern places (Bradshaw and Blakely, 1982 (b)), even though they follow different paths in becoming modern places.

> Some areas are growing very rapidly and a diversified economic base is being formed, while others are experiencing certain boom-town characteristics because of the rapid expansion of a single industry. Some growing rural and small city areas are strongly dependent on the growth of a nearby metropolitan center or provide a convenient way station between two metropolitan areas, although many rural areas are developing independently from metropolitan influences. Some retain a strong agricultural and natural resource base and are building a manufacturing and service sector to complement it, while other areas have no trace of dependency on the land.
>
> Bradshaw and Blakely, 1982 (a)

And, finally, there are more than 400 nonmetropolitan counties across the country that are declining even though the great majority of rural counties are experiencing population and economic growth (Beale, 1981).

New demands for rural resources and services, emergence of human resources in rivaling physical resources in determining economic activity, expansion of marketing, tourism, communications and social services, knowledge intensive technologies and "footloose" businesses attraction to rural areas, and the diffusion of urban activities into rural areas/small towns may well be expressions of larger economic structural changes made possible by something called an advanced or post industrial society (Bradshaw and Blakely, 1979). While the basis of this is not fully understood, there is little doubt about the changes and their effects. One effect is an increasing diversity of values among rural people. "The mixing of rural with urban values, lifestyles, and vocations is generating vitality, change, and growing conflict over the current state and future path of rural communities." (Gilford, et al, p. 4). We may well be seeing an evolving convergence of urban and rural culture--i.e., people read the same newspapers, watch the same television programs, use the same goods, and largely receive the same public services (Gilford, et al). On the basis of employment, lifestyles, consumption patterns, and political beliefs, there is likely to be little difference between rural and urban people.

This, however, does not mean that problems and policy approaches between cities and rural areas are similar. The unique features and characteristics of cities and rural regions largely preclude this, as does the different motivational basis behind the reverse migration compared to suburban growth. But it does mean that the more traditional definitions of urban and rural are obsolete, as are notions of sharp dichotomies between urban and rural regions; more likely is some development continuum linking cities on one end and the countryside on the other and which reflects a growing interdependence. The implications of the new rural conditions are enormous for rural areas in terms of rural development and growth policy and opportunities for shaping the "new" countryside. The heterogeneity of rural regions implies a compelling need for much better information and study of changes if policy intervention is to have a chance of directing new forces rather than simply reacting and resolving conflicts.

Motivation

What is striking about the motivations of new settlers to rural-small town America is that they mostly have to do with quality of life, whether negative or positive based. The new era places rural regions within reach of more people who want to leave metropolitan areas because of negative factors such as congestion, pollution, crime, and sense of alienation. This is occurring during a time when psychological values and a sense of well-being have begun to undermine former economic proclivities as primary concerns of the "good life" (Cambell).

New settlers (and those returning) are seeking small town values, more space and amenities, cheaper land and housing, contact with nature, ties to the land, and easy access to outdoor recreation (Herbers). The essence here is a more relaxed approach to living that allows more outlets and expression. It encompasses seeking a "community feeling" where physical, social, and spiritual aspects of life have a better chance of being integrated; or so perceived by new settlers in their expectations.

The motivational factors behind the reverse migration have deep roots in American traditions, values and myths in the virtues of small town and country living, and ambivalent feelings toward cities. Compared to Europeans, Americans simply do not have the same degree of enculturation of urban living. The great suburbanization era seemed to be trying to recreate as much as possible an earlier America before the rise of the great industrial cities; more like small towns and farms with land and houses of their own, privacy and space. But eventually, suburbs got too massive, sterile or becoming too much like cities, so people are leaving suburbs, built to escape the city, as much as they are leaving cities (Herbers). Continuous surveys have consistently shown a majority of Americans would prefer to live in small cities, small towns, and the countryside. The big change now is that more people are able and willing to act on their preferences, even to the extent of trading off higher incomes.

Urban migrants are characterized by the willingness to give up urban-based conveniences to shopping, work, and entertainment (but not necessarily public services) to live in an environment that they associate a higher quality of life with, and in non-economic terms (DeJong and Sell). Beale similarly reports a recent shift "against the current" of income. Instead of moving toward higher incomes per person, as migration historically has, people are now choosing somewhat lower incomes and better living conditions (Beale, 1976). Further, in less commercial farming areas, there is a trend of entry into farming by people with non-farm backgrounds (probably part-time basis). Beale also finds that since 1970, the decline in young farmers has stopped and median age of farmers is dropping; non-economic reasons, relating to attitudes and values were given as often as economics reasons.

The point here is whether or not values and expectations are based on myth or reality, new settlers are very consciously seeking alternative ways of life. Recent social and demographic studies have examined the nature of rural-small town expectations by contrasting them to urban lifestyles. Marans and Dillman's 1980 report, Perceptions of Life Quality in Rural America, analyzes data from four different rural survey studies, three national and one regional, and highlights the ways Americans think about the rural environment. The authors note that of prime importance to policy is that people's environmental assessment contributes significantly to their quality of life experience. It helps shape their expectations while contributing to their perceived ability to meet or frustrate them. The relative importance of preferred environmental components generally identify the rural "appreciated" world. These components are more quality of life and psychological relationships to the environment; services and job opportunities, the economic components, generally still favor the city. Data from the national studies indicate that people in rural areas tend to express higher levels of life satisfaction than those living in large urban areas.

Such surveys and studies should only be considered a beginning of what needs to become a more integrated, extensive, and systematic research, and tailored to different regions. Quality of life motivations and expectations appear to be the logic of a new era of small town and countryside change just as economic opportunity and production was the logic of metropolitan development. This applies to locational criteria, other factors being equal, used by so called footloose industries as well as new settlers. Both also incorporate certain urban amenities they have become used to in their sets of expectations. It also is becoming clear that a wide diversity of lifestyle expressions are showing up, but all stimulated by the same general motivation and expectation factors; even some that seems to defy the ideology behind the new growth, particularly search for independence and distain for regulation, as Louv's America II, so vividly describes (i.e., the enclaved, highly privately regulated planned unit developments).

I agree with Herbers' assessment that we are a nation of people without strong roots in any particular community, but that we also are a people who draw our sustenance from a range of environments that together wipe out former major distinctions between city and town, urban and rural, suburban and exurban. In many rural regions, we are in the process of creating countrified cities, shaped by the logic of a different set of motivations and expectations and made possible by the economic and technological changes of an emerging new era. This is why we need a much better understanding of the dynamics behind this new reality, to direct the powerful forces in ways that provides for expectations yet conserves the essence of what people are seeking. This is the challenge. The countryside is going to be changed, the issue is whether it is going to occur under a proactive vision that matches the potential of a better way of life, or under a reactive by default mode. The starting point of enhanced political management and planning approaches is matching our environmental studies and assessment with the logic of the new era.

The New Countryside

This new rural condition is bringing about transformation in the American countryside. The new forces shaping rural and small town life are not the traditional ones of agriculture, natural resources, socioeconomic isolation, or an unsophisticated labor force (Bradshaw and Blakely, 1979). Rather, they have their basis in our moving out of an advanced industrial age to a new age with a different economic structure and geography and a different focus and logic. Whether we call it the post-industrial society, the information age, the third wave, etc., it is understood only imperfectly including the extent the transition is already occurring. However, it is apparent that both a reshaping of existing metropolitan development patterns and a shaping of a new settlement pattern is exurban and nonmetropolitan areas is happening.

The constraints of prior settlement patterns are greatly loosened. People and enterprises have a much greater location range. New settlers moving into the countryside and its small towns include the best educated working class, "new collar" workers, retirees, the technologically sophisticated, the economically resourceful (Bradshaw and Blakely, 1979; Herbers). In addition to a new diversity of people and values, also seeing increasing diversity in economic bases with greater livelihood opportunities in various sectors (professional to low wage service) and new business opportunities (most new jobs are being created by small businesses). New and expanded demands on rural lands are also showing up, military, institutional and utility installations, mining operations, waste disposal, and large scale recreation. Regardless of the considerable differences or permutations of these factors or forces between rural regions, their spatial expression has a common emerging settlement pattern. Whether we call it urbanization of the countryside or the countryfied city, we are in the process of producing a new dispersed community that is quite different from the suburbs of the 1950's and 1960's and which is emerging at a point in history that is quite different from post WWII America (Herbers).

The critical need is to better understand this change for it has all the appearances of being a major phenomenon and permanent. "This new dispersed community seems to have many nodes, no clear center and overlapping jurisdictions, and it occurring whether that community is highly urbanized, suburban, or semi-rural. It is only because the latter has unoccupied space that it has become the last frontier" (Herbers). This situation coupled with quality of life motivations is proving to be a powerful combination in the new countryside. We are talking about a settlement pattern that is still forming under new forces still new at a time when changes are coming down on us faster than we can evaluate their meanings (Herbers; Doherty).

We can at least begin with some major characteristics that can contribute to creating a new perspective, especially one that has a positive focus that relates to what we can see as the potential for a better way of life. What is the opportunity and challenge for the 21st century? I agree with those who state it has to do with creating more livable communities than we generally succeeded in doing in our cities and suburbs. Communities that foster diversity, not large concentrations of sameness; that have a continuity with the past as opposed to trashing it; that goes beyond the suburbs in blending development with nature; and which provide choices, quality, and an aesthetic that is in a form and context that is meaningful to people. Apparent characteristics of the new countryside:

1. Agricultural lands have value beyond the basic economic production; agricultural lands also maintain open space and provide the essence of rural character, both qualities highly valued by new settlers;

2. A new consumption or leisure use of rural lands for nonagriculture living environments, with a corresponding explicit market value. character or ambience is the small town counterpart;

3. Aesthetics of small towns and countrysides as a distinct resource in relation to development patterns and change and to a leisure based economic sector;

4. Strong quality of life motivations and the diversity of their expression among new settlers, and the corresponding mixed perceptions and reactions among old residents. A strong aversion to amorphous huge patterns with little identity in both cases, but linked with keeping certain urban amenities on the part of the new settlers;

5. The traditional family farm as livelihood and significant differences between town and country people are largely gone. But many people still want ties to the land; now have part-time farming and nonfarm job (both new and old residents), with lifestyle and standard of living similar to the town (and city). Town/urban and country people differences much diminished, not because so much the latter has become like the former, but that both have become more like suburban dwellers in their activities, professional/social visits to cities, extensive range of vacation locations, etc., (Herbers).

6. Great number of Americans have accumulated enough wealth to seek amenities in their place of residence rather than primarily pursuing the more immediate goal of making a living, the force that had dictated much of the population movements of the past (Herbers).

7. Regional use of places or nodes of activities; people use employment, leisure, education, and living environment resources on a much greater spatial scale than was the case in traditional rural communities. This seems to be an essential characteristic of the new evolving settlement pattern, the dispersed community; a nodal concept in which different parts of a broad area serve different functions and people move from one to the other without regard to old

boundaries. It would seem that "sense of place," both psychological and spatially, is broadening considerably. It would also seem that this new community does not encourage a return to high density development (Herbers; Doherty; Hawley and Mills).

While we only have a partial and loosely connected understanding at best of this new era, I suggest that creating an image of "the countryfied city" is the appropriate one for a perspective on the positive potential. A basis for accepting the reality and working within it in attempting to realize its best as well as containing its downside, as distinct from trying to superimpose "our" preferred pattern on people or wishful thinking as to what we think will happen. Imagination as well as knowledge is needed. The alternative to pursuing the potential and understanding the reality is not only lost opportunities but a defacto condition that reflects the downside (see Part II).

The reality, I suggest, has to do with accepting the diversity, not only allowing it, but planning for it vs. tendencies of the market to provide highly standardized and limited response to the variety inherent in demand, and for public controls to be too rigid and standardized. it also means accepting a degree of disorderliness and creating (and allowing to be created) a greater variety of living environments that not only provides more choices in settings to people, but also choices in degree of managing their settings and making their own changes over time. This means providing the basis for people to be more directly connected to circumstances they can control and for indigenous institutions to evolve. The expression of this can take a number of forms: recreating small town living through new and revived villages; pre-packaged enclaves; individual parcel development; permutations of a rural cluster concept that mixes residential, shared activities, shared infr-astructure, income producing activities, and common open space in varying degrees, and coexisting with agricultural production.

Our planning and design approaches could be directed toward creating settlement patterns more deliberately to exploit demographic treads, lifestyle/way-of-life desires, and positive potential of the new era; which as suggested earlier, has to do with varied expressions of a symbiotic coupling of city-town-rural living. At a regional and strategic level conceive and plan for a larger vision, a sense of meaning and quality, that gives coherence to the whole. This involves, for example, deliberately creating specialized places, large towns/small cities with concentration of cultural amenities, maintaining and recreating small town character, new villages, a variety of rural residential developments, and with variations on density and mix of activity by subregions. A new reordering is needed that exploits the best of the new dispersed community and expresses its settlement pattern logic while minimizing negative tendencies. Small towns do not have to be big cities in waiting; the countryside can be citified without losing its aesthetic and psychological quality and character; we can create variations in social as well as physical living environments; and a deconcentration of basic retail, services, school, leisure, and employment opportunities can be linked with resident development in varying combinations both at the project-community scales and subregional region scales. We need to move away from the notion and development tendencies that all employment, shopping, leisure activities, etc., has to be only in the towns or urban places.

To begin to realize the above requires corresponding new political institutions, perhaps even a re-inventing of local government, to match the dynamics of the new dispersed community. The latter has the potential of rediscovering the grass roots at a community and small region scale, a new age for local government after years of centralization of government and political action. A regional political and planning context is an imperative.

1. Local government, especially counties, are going to have to become a much more involved actor in the land development process (and not just focus on controls and tempering market produced results). This applies just to minimize the downside tendencies, let along implement the positive side and to approach settlement patterns at a regional scale.

2. Renewal/development authorities as an effective adjunct of county government: undo past poor land use decisions, especially premature subdivisions and other aspects of a poor platting pattern condition; joint ventures with developer, real estate, and financial interests in creating new villages, rural clusters, location of commercial/leisure activities, etc.; achieving equity through minimizing windfalls and wipeouts and sharing of costs and benefits of change and new growth (avoiding the zero sum game between communities); greater accommodation of income classes (i.e., why can't more renters enjoy rural living?); establishing aesthetic, environmental, and service limits (and their financing); conserving and using open space, provision for hiking and riding trails, camping, etc.; maintaining viability of agricultural production; and accommodate greater mix of activities.

3. Match the regional-mindedness of the people in the new dispersed community, reduce the "babble" of many governments speaking, and achieve a much greater direct connection between the demands of the dispersed community, a proactive planning capability, and their institutional implementation requirements.

This is the direction, in my opinion, that our thinking needs to take in order to create a dynamic context in which small town and rural planning can come on to its own. In directing new powerful forces and desires for alternative ways of life and livable places, we have the potential of creating just about any kind of living environments we want.

Providing we can create a vision to encompass the new dispersed community.

Providing we have the will to act on it.

Providing we can invent the planning, design, and political approaches to match the challenge.

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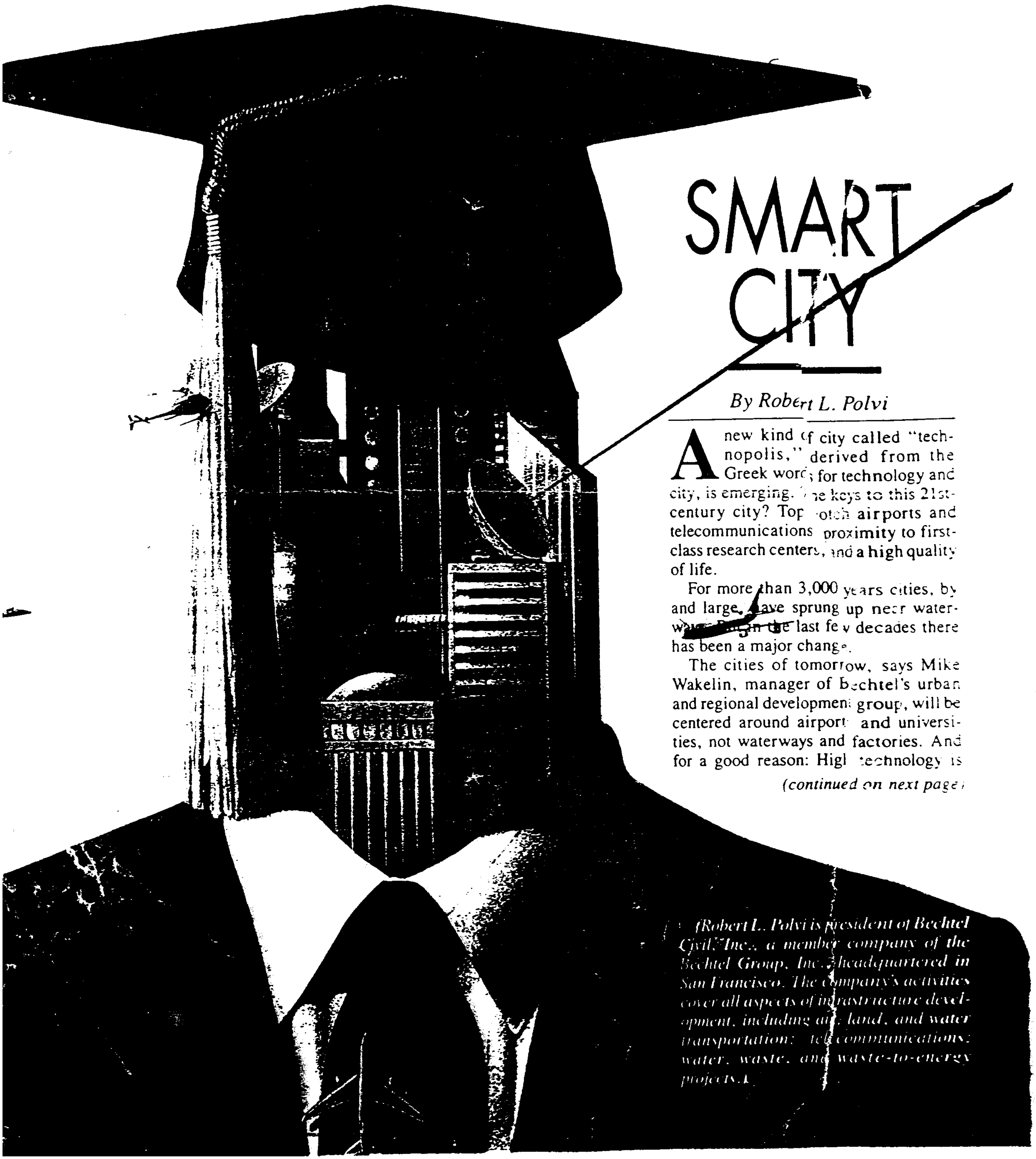
City Com.
management

SMART CITY

By Robert L. Polvi



A new kind of city called "technopolis," derived from the Greek words for technology and city, is emerging. The keys to this 21st-century city? Top-notch airports and telecommunications, proximity to first-class research centers, and a high quality of life.

For more than 3,000 years cities, by and large, have sprung up near waterways. But in the last few decades there has been a major change.

The cities of tomorrow, says Mike Wakelin, manager of Bechtel's urban and regional development group, will be centered around airports and universities, not waterways and factories. And for a good reason: High technology is

(continued on next page)

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born in laboratories and travels on airplanes.

Trade, says Wakelin, traditionally has involved the shipment by water of heavy, low-value-added products of relatively enduring design. Great trading cities such as the now-defunct Carthage and still-thriving Tokyo, Hong Kong, London, Venice, and New York — to say nothing of San Francisco — were founded by the sea or at a river's edge.

But a high-technology product — which weighs little, often costs a lot, and runs the constant risk of becoming obsolete — travels by air, as do the barnstorming legions of researchers, entrepreneurs, and financiers who create, produce, and promote it. Thus, according to Wakelin technology-oriented cities of the future must be built near airports.

Wakelin foresees a global network of these smart cities, called *technopolises*, linked by instant communications systems and a coming generation of low-noise supersonic planes capable of flying passengers halfway around the world in a few hours. Within each technopolis, international hotels, entertainment complexes, conference facilities, and trade centers will flourish. In addition, Wakelin says, the citizens of the world's technopolises will be able to share information freely and quickly across distances of thousands of miles via advanced data-toting "teleports."

To look at these technopolises as nodes in a worldwide network reflects the increasing globalization of economic activities. Companies in emerging new industries have established research, manufacturing, procurement, and customer support networks that extend around the world. The cities of tomorrow will serve as pools of talent that help maintain and manage these global connections. Increasingly, new technologies will be applied to the development and maintenance of the global infrastructure networks. Thus, we call these cities of tomorrow "smart" cities since they rely on "smart" human resources and "smart" advanced infrastructure networks.

To accommodate the new industries of the future, cities must adapt. Cities of the future will need to support research and advanced manufacturing, to manage and commercialize new technologies, and to manage information exchange on a global scale. They also will need to furnish support services such as market research, technical intelligence, management consulting, venture capital, and legal services.

Perhaps the ultimate "key" to the city of tomorrow is the Phi Beta Kappa key: Smart cities have smart citizens. In the words of Steve Gomes, a charter member of the Association of University Related Research Parks, "There is a growing recognition that the university is the factory of the future." Whereas it was once thought that wealth was created only from things in the ground and money in the bank, the most precious resources today are ideas and the people who have them.

Technop[illegible]s and science parks frequently have [illegible]rung up around research universities, beginning with small, new-technology-based firms that are flexible and opportunistic and so can, in the words of Nick Segal, of England's Cambridge Science Park, "convert science into marketable products." He sees the science park as a "focal point for university-industry interaction."

The interchange of industry funding university research and researchers entrepreneuring their findings into profitable activities represents one way to harness effectively the substantial resources of know-how and specialized physical facilities that universities and research institutions possess.

For example, the University of Pittsburgh and the Carnegie-Mellon Institute played major roles in the revitalization of Pittsburgh. The university is now the city's largest employer, and 70 major research centers have sprung up around those universities.

"Creative people tend to be free spirits," says Wakelin. "So, to attract and keep a critical mass of talented individuals, a technopolis will have quality housing, abundant green space, and excellent cultural amenities."

A high quality of life has long been a California strength. Silicon Valley, arguably the first technopolis, was seeded by a Stanford University policy encouraging commercial spin-offs of the products of academic research. Silicon Valley and Boston's Route 128 presaged planned developments such as North Carolina's Research Triangle. Others have followed suit including international development agencies, local and regional planners intent on shifting populations from overcrowded waterfront areas, and corporations seeking competitive advantage.

Now technopolises are popping up around the world. Japan is building 19 technopolises in its regional hinterlands. France, Italy, and India already have their own. Turkey, South Korea, and Australia have announced plans to build them; England and Spain are conducting studies of them.

After "exporting Silicon Valley" to much of the world, what does California have in exchange? After gaining fame and fortune as the cradle of hi-tech research and its successful commercialization, California now lags behind. The semiconductor industry's research consortium Sematech and the computer-oriented MCC chose Austin, Texas, over California. The selection of Austin was influenced by the strongly supportive University of Texas campus there and its aggressive and innovative high-tech programs.

Why does California suffer a lag? Part of the reason is overburdened infrastructure. It is not so much that the state's institutions are doing things different from 20 and 40 years ago. It's that they are doing the *same* things, but in a drastically changed world environment.

California emerged as an economic world power chiefly by virtue of its long-range planning. Business and government leaders in the 1940s, 1950s, and 1960s built the infrastructure necessary for a growing modern state — highways, water systems, schools, and higher education. But by 1980, while California was acclaimed as the world leader in innovative manufacturing and modern electronic technology, its systems became severely overtaxed. Their inadequacy was beginning to show in such problems as gridlock in Los Angeles and San Jose, poisoned fish off Santa Monica, and SAT scores ranking 35th in the nation.

At the same time, the U.S. was generally falling behind in the global marketplace by failing to address the critical areas of technological innovation, capital investment, regulatory reform, and international trade. The resulting decline in key economic indicators is evident in California in some surprising ways, according to the California Engineering Foundation (CEF). Many fields of activity we think of as key California industries, such as hi-tech, aerospace, biotech, telecommunications, media, and the quality of life industries, have moved to other locations where they can compete successfully with, and sometimes surpass, their California parents.

So how can California cities catch up? The CEF suggests developing a master strategy of strategic alliances among government, industry, and education. Bechtel's Technopolis Development Group says that such a master plan realistically can be implemented as a concept of smart city networks and investing in human resources and infrastructure.

The solutions include nothing less than restructuring the state's industry. This has been happening all along of course — moving from gold to agriculture, from oranges to movies, and now from resource-based economies to a knowledge-intensive focus based on the production and exchange of information. There likely will be a shift in the development surge that historically has moved southward, from San Francisco to San Diego, to the relatively empty north and northeast. Current transportation and communication nodes can make the importance of location negligible.

Candidates for smart cities include San Luis Obispo, with its university and pleasant climate; Sacramento with its airports, universities, and spruced up downtown; Sutter County, currently looking at ways to best convert some of its agricultural land to industrial use.

Wherever they grow, prime considerations will be to protect the environment and to ensure that the quality of life that was attractive in the first place is not destroyed. Of course, the choicest areas were those first developed; which argues for *re*development. Technopolis brings many strengths to this concept: hi-tech solutions to the problems of pollution, rapid ground transportation systems, upgrading of waterfronts, restructuring of industry to cleaner processes with higher value added. To maintain their economic vitality, cities must strengthen their networks. This includes the external telecommunication and transport networks. It also includes the internal infrastructure networks, quality of life and, above all, investment in its own citizens.

In Los Angeles and Silicon Valley major initiatives are underway to build light rail and improve freeways. Los Angeles also is starting to build a regional heavy and light rail transit system. New technologies also are being applied to monitor and control traffic. One day all Californians may be travelling on automated freeways.

Another problem in the mature technology centers has been inadequate air transport facilities. Many California localities now are moving to address these problems. A system of regional airports is one answer. A different answer may be in leaving the crowded skies and concentrating on regenerating a truly useful rail system. France's TGV and the German magnetic levitation work have applicability to linking California cities with frequent and convenient service. Las Vegas already has begun the first phase of its plan to build a mag-lev link to southern California, its major market. Perhaps California could

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leverage Nevada's investment and extend that system north, connecting the entire LA-SF corridor.

In more recently established technology centers, such as Phoenix and San Antonio, the emphasis has been on enhancing external links and upgrading the quality of life. In Portland, an expanded airport will improve links with the Far East and enhance the region's attraction as a center for Japanese high-tech firms. In San Antonio the upgrading of its old town is a magnet for urban development.

The basic lesson is that only those cities which have the will to capitalize on these emerging trends will enter into the next century as leaders. There are too many counties and states competing to replace California for the state to hesitate in meeting the future. A Conway Data survey of April 1988 finds that 10 states now offer a complete battery of high-tech location incentives: Connecticut, Florida, Indiana, Missouri, New York, North Carolina, Pennsylvania, South Carolina, West Virginia, and Wisconsin.

Smart cities will be internally linked, as well. Enrique Diaz, a project study manager in Bechtel's Urban and Regional Development Group, envisions "smart buildings" hardwired with fiber-optic hookups to permit easy flow of computer data between homes and offices; face-to-face video teleconferencing; and such amenities as teleshopping or, if you choose to drive to the shopping center, automated parking systems to tell you where to leave your car and computerized traffic controls to minimize rush-hour blues.

Kotoro Kitamura, director of the Tokyo bureau of the Ministry of Construction, says, "In the future, it will be necessary to add a 'brain and nervous system' to conventional urban infrastructures."

Advances in data processing and telecommunications will offer new options in doing work at home or in the office, in how residences function, and in safety and security. Currently available systems can monitor infrastructure for structural deterioration and then send out signals for necessary maintenance. Police, fire, and health authorities can be linked to an active sensor network. Shared tenant services for both commercial and residential space can put the world of the day after tomorrow in nearly everyone's reach.

Smart cities go the next step, by connecting smart buildings with "intelligent" transport and communications systems.

Bechtel's regional planners are already working on ways to move the technopolis concept forward. Members of Bechtel's Technopolis Development Group have recently completed survey trips to Japan, Australia, and Europe. They met with such founders and energizers of the technopolis movement as Senator Pierre Laffitte of Sophia Antipolis in France; Nick Segal of Cambridge [illegible]nce Park, England; Umberto Bozzo of [illegible]ecnopolis Novus Ortus, Italy; leaders of Japan's Ministry of International Trade and Industry (MITI), and Australia's Department of Industry, Technology and Commerce. The latter two are exploring the possibilities of a "Multifunction Polis" to be located in Australia but whose objective is to further internationalize both the Japanese and Australian economies.

What lessons have been learned? In Japan, MITI has designated some 20 regions where
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cities or prefectures band together to rally local industries and universities to form R&D consortia and to construct highways, airports, industrial parks, and new towns. This technopolis region policy is MITI's answer to the rapid exodus of manufacturing plants caused by the abrupt rise of the yen. In the view of Sheridan Tatsuno, Senior Analyst for Dataquest's Japanese semiconductor industry service, Japanese industries must move up the technology ladder quickly if they are to remain internationally competitive with the emerging Asian countries. The regionalization of hi-tech research is a major policy shift that will strongly affect the global economy.

Perhaps the most pertinent lesson for small to medium sized California cities is to join together to focus on regional attributes that can be converted to mutual profit. Once California cities work together regionally, there's no reason such regions cannot become part of the global network — sister technopolis regions in any part of the world. The Japanese and North Carolina models suggest developing regional initiatives and policy. Strong relations with local educational and research institutions will help to identify what is being done to be ready for the future. The class of 2000 has just entered first grade. What is being done for education? What can those children expect?

Another lesson learned has to do with spontaneously evolving technopolises, such as Silicon Valley and Route 128 in Massachusetts, versus targeted initiatives to promote actively hi-tech development and innovation. In the latter category, North Carolina's Research Triangle Park is the premier example, now being emulated by many states and cities, including Florida with its heavy investment in advanced university facilities. What generally seems to work is to promote active state and local interest and involvement that is coordinated with larger policies and initiative; and to promote multiple activities instead of relying on one or two assets or investments.

"As we head into the end of the century," Wakelin says, "the smart city of tomorrow — information intensive, internally integrated, globally linked to foster the rapid commercialization of research — is rising from the ashes of yesterday's smokestack city."

The opportunities are many, diverse, and exciting. ■

For Further Reading:

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Economic Development in Smaller Cities and Rural Areas

Emil E. Malizia

This article argues for an approach local leaders and professionals should use for economic development in smaller cities and rural areas. They should define economic development explicitly, using theory to articulate the public goals they want to pursue. They may locate the economic development function in public or private agencies, but they should use local development organizations—private entities created to achieve public economic development goals—to carry out economic development activities. Rural professionals should formulate a range of economic development strategies intended to achieve public goals and should establish priorities among them. For any rural area, unique strategies based on careful, unbiased analysis and appropriate theory hold the most economic development potential.

The recent surge of interest in local economic development has not been confined to large cities or metropolitan areas. It has spread to nonmetropolitan areas[1] as well, and for good reasons. Like urban areas, rural areas are suffering from the reduction of federal domestic assistance and the declining number of domestic corporate facility locations.[2] In contrast to urban areas, rural areas continue to manifest greater poverty and weaker economies.[3] Furthermore, the "rural renaissance" that buoyed many localities in the 1970s has come to an end, and the economic recovery from the 1981 and 1982 recessions has generated less growth in nonmetropolitan areas.[4] Faced with these adverse economic conditions and trends, rural officials are seeking a more active role in local economic development. They are asking rural planners and economic developers to find strategies to generate jobs and strengthen the local tax base.

How should rural planners and economic developers respond? Successful rural practice will depend on the ability of leaders and professionals to distinguish controllable from uncontrollable factors and to focus on issues that they have the capacity to address. They can learn from the literature and practice of economic development, most of which pertain to metropolitan areas and large cities, without repeating the mistakes being made there. The key issues relate to the definition, organization, and strategies of rural economic development. This article prescribes standards for defining, organizing, and formulating strategies for economic development that leaders and professionals in smaller cities and rural areas can use.

In summary, I argue that rural planners and economic developers need to work with local officials and leaders to arrive at an explicit definition of economic development. The definition should be drawn from a rudimentary understanding of the development process and should provide a basis for identifying relevant public goals and objectives for practitioners to pursue. Organizing involves determining the best ways to combine the talents of local people to achieve public goals. Once the local economic development function is properly organized, rural practitioners should develop carefully the plans, methods, or activities designed to achieve local goals and objectives. These strategies to promote local economic development must recognize local capabilities and resource limitations and constraints. The next three sections of the article present the argument in greater detail.

I use several methods to develop the argument. The literature on regional development theories provides the basis for distinguishing the definitions of economic

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growth and economic development. This distinction offers a vehicle for presenting two different ways to deal with economic change. Empirical research on state and local practice supports the observations made about organizing economic development activities and local development organizations. Combining research on rural economic development with consulting experience in rural areas, I have identified particular strategies and here present comments on their strengths and weaknesses. Although the most relevant literature is cited, my argument is based on a broader synthesis of reading, research, and practical experience.

Defining economic development

Rural planners and economic developers can avoid ambiguity and confusion by defining explicitly what they mean by "economic development." An explicit definition helps in articulating an area's problems and goals, and it suggests criteria that would be useful in rating alternative strategies. To arrive at a definition, local officials and leaders are forced to consider what the economic development process is in general, conceptual terms; that consideration equips them better to make decisions about economic development. Such discussions often foster a common understanding of the development process that increases effective communication and cooperation among local leaders and officials. With this understanding, they are in a better position to interpret empirical studies and other information describing the local economy.

Local practitioners should seek an understanding of and a definition of economic development that are informed by theory. Unfortunately, no single theory explains the development process precisely or completely. Instead, many theories exist, each emphasizing particular aspects of development. (For a short bibliography, see Malizia 1985a, 229–230.) Therefore, local practitioners should select the theory (or group of theories) that best explains local conditions and trends and generates interpretations that interest local leaders and citizens.

Without theory, rural practitioners can only treat the results of economic change, specifically its effects on local employment, tax revenues and expenditures, environmental quality, and the like. Planners familiar with the techniques of economic, social, environmental, and fiscal impact analysis can use those tools to gauge the results. But to mitigate or advance the effects of change in the local economy is to perform a task that is central to rural planning as it is practiced now and does not raise new public goals or local government functions particular to economic development. In other words, the anticipation and management of local economic change are parts of local planning generally and do not represent economic development planning specifically.

Growth versus development

Economic development planning involves drawing on a theory-based definition of the development process and designing intervention strategies and projects that promote local goals. A review of alternative theories is beyond the scope of this article, but the distinction between theories of economic growth and theories of economic development is critical to the presentation of alternative approaches for rural economic development practice. In essence, growth theories and development theories offer two different ways to look at development. From these different understandings come distinctive goals and strategies for public intervention.

Growth theories (such as export base theory, growth models, and trade theory) take economic structure as given and focus on short-term changes in the economy and its moves from one equilibrium to another. The quantity of production, consumption, income, employment, or trade is important. From growth theories come the goals of increasing the rate of economic growth and creating more local employment to expand existing capacity. Development theories (such as entrepreneurship theories or dependency theory) focus on changes in economic structure over the long term. Structural changes may refer to changes in industry mix, product mix, occupational mix, patterns of ownership or control, firm size and age, technologies in use, degree of competitiveness, and the like. The quality of production and the distribution of consumption are emphasized. From development theories come goals that would alter the capacity of the economy to produce in the future. The goals pertain to improving economic structure and the distribution of income and wealth. An excellent discussion of the distinction is in Flammang (1979).

For example, assume local officials and practitioners understand economic development from the perspective provided by export base theory. The goal of economic development would be to increase existing economic capacity, usually measured as increasing employment. Strategies would focus on expanding the industries in the export sector and strengthening the linkages among local activities to increase local multiplier effects. On the other hand, officials and practitioners using Shapero's (1981) ideas on entrepreneurship and economic development would want to improve the resilience of the local economy. They would prefer strategies designed to improve the local environment for new company formation, particularly activities that would increase the ability of local bankers to accurately evaluate new business ventures.

Obviously, rural practitioners may consider a wide range of growth- or development-based goals and strategies. Usually, such efforts would be compatible, in that growth often leads to development and vice versa. It is possible, however, for an area simply to expand its economic capacity without much change in industry, skill, or product mixes, wage levels, income distribution, or other aspects of economic structure. Conversely, an area can improve its economic structure during a time when aggregate output is falling, much like a company restructuring operations and reducing employment in order to improve its future competitive position.

Growth/development pros and cons

Generally speaking, growth- and development-based approaches to rural economic development have different advantages and disadvantages. From the growth perspective, the goals of job creation and, by implication, tax base expansion are central. Currently these goals are politically the most popular rationales for engaging in local economic development. The underlying growth theories are relatively straightforward, and local actors will find them easy to understand. They do not challenge the popular idea that economic development is synonymous with business development and real estate development.

In my opinion, however, those advantages are outweighed by the disadvantages of growth-based approaches. First, growth theories focus on the short run and the near term, while the planner's unique perspective and skills are better suited to a consideration of the future. Moreover, "quick-fix" solutions seldom improve the economy over the long term. Second, growth theories tend to emphasize industrial recruitment strategies during a time when such strategies are more likely to fail than ever before. In fact, many local leaders and professionals now are searching for alternatives to industrial recruitment. Third and most important, growth theories encourage expedient public intervention but not necessarily public intervention that can be politically justified.

How is intervention justified? Most public policy analysts use the "market failure" argument as the basis for justifying public intervention. In the present context, are economic development efforts to increase economic growth or job creation necessary, given the expected performance of the private sector? Do the benefits of intervention to achieve economic growth exceed the costs?[5] Both of those questions remain unresolved after years of serious debate. Private firms, wanting to increase their wealth, engage in activities that result in economic growth and job creation. From that perspective, the market has not failed. Yet economic growth is a volatile and uneven process that has different effects on people and places. Most regional economic development activities have been justified to help people or places left out of the growth process, either temporarily or permanently, make successful economic adjustments. Even if intervention is needed to stimulate growth, it is not clear that the benefits of intervention exceed the costs. One side argues that public economic development efforts result in economic growth. The other side claims that growth induced by intervention only substitutes for growth that would have occurred anyway as the result of private actions. Empirical research offers no definitive answers to inform this debate. Thus, whether growth-based approaches are justified remains unresolved.

In some places local practitioners may be able to ignore that question because local leaders and citizens fully support the goals of job creation and tax base expansion. In other places public opinion may not support the use of tax revenues for job creation. In such instances practitioners should take a more conservative approach to job creation by engaging in activities that already are considered necessary functions of local government. For example, they may manage existing local government functions as efficiently as possible or improve public services, maintain infrastructure, and guide physical development to facilitate economic growth.

Those activities may be quite effective for two reasons: First, local economic welfare and real incomes will increase if the quantity or quality of public services grows because of gains in government productivity. Second, national corporations are looking for sites in localities that are well-managed. They value government efficiency much more highly than the local incentive packages that often are assembled in the name of economic development. In the short term, plant managers want to build in places where their facilities can be finished on time and within budget. A city offering expeditious reviews and processing of permits and approvals is quite attractive. In the long term, corporate executives, as well as small business owners, want a place with fair taxes, reasonable living costs, and relatively high-quality education, protective services, and so on. Again, the well-managed city is heavily favored (Schmenner 1984; Sloan 1985).

Development-based approaches have a different mix of advantages and disadvantages. They offer reasons for public intervention and clearer public goals and objectives but are more difficult for local leaders and citizens to comprehend. As for the advantages, rural practitioners who want to improve the viability of the local economic structure will not be competing with the private sector. Managers seeking more profits, workers seeking higher wages or job security, and consumers seeking more or better products do not worry about the effects of their actions on local economic structure. Private producers concerned with price and quantity do not necessarily try to improve quality. As long as the benefits of public intervention exceed the costs, rural practitioners can pursue a wide range of activities with a development-based approach. Furthermore, since the focus on improving economic structure is less dependent on private-sector actions than is the goal of job creation, local governments more easily can establish clear public goals to justify an economic development function.

Finally, as explained in the section on strategies, development-based approaches are more likely to contribute to national economic well-being than are growth-based approaches. Most local leaders want their areas to progress even at the expense of other areas. Yet professionals are more credible when their practice makes a contribution to the national economy in general and avoids constant- or zero-sum activities. As in the case of environmental legislation in the early 1970s and recent legislation to restrict the use of industrial development bonds, Congress is apt to eliminate or restrict local economic development tools and techniques that do not improve the national economy as a whole.

Development-based approaches are not without their disadvantages. First, the understanding of development they involve is more complex and may be more difficult to communicate to participants in the local planning process. Second, the goals they yield may be less popular, partly because they are not well understood and partly because they may undermine certain private interests. For example, businesspeople paying low wages or running marginal operations may fear the goals suggested by a development theory that stresses better local jobs or more competitive local industries. Third, development strategies may be politically less feasible if powerful local actors oppose the economic development goals.

In conclusion, local leaders and professionals in smaller cities and rural areas should define economic development carefully and should identify the public interest in development clearly if they want to justify the public activities designed to promote economic development. Localities can pursue the goal of economic growth and stress sound public management of traditional government functions, or they can pursue goals that are economic development–oriented by allocating public resources to organizations and strategies designed to improve local economic structure.

Organizing for economic growth and development

Economic growth and development are fairly well-articulated local government functions in metropolitan areas. In some places those functions are organized in a line agency of local government; in other places the responsibility is vested in an independent commission or authority. In many cities, economic growth and development functions are shared by local commissions and city departments.

In nonmetropolitan areas economic growth and development activities are not articulated as well. In localities that employ professional staffs, the function is fulfilled by associate town/city/county managers for development (as opposed to positions concerned with day-to-day operations). In communities with larger staffs, the line departments of planning or community development may be assigned the economic development responsibility. In smaller places one local planner is often in charge of economic growth and development as one of a wide range of physical and community development functions. In many places a private organization, such as a chamber of commerce, assumes responsibility for economic development, with or without funding from local government. Frequently, rural economic development is handled by an economic/industrial development commission organized at the county level.

Growth-based approaches place different demands on local organizational capabilities. If the locality chooses growth strategies emphasizing sound public management and good government, the relevant question is how best to organize local government functions. If the locality engages in industrial recruitment, expansion of export industries, or other activities designed directly to stimulate local employment growth, the function may be vested in a governmental or nongovernmental agency. In localities where growth-oriented approaches are politically contentious, private organizations with neither the powers nor the purposes of local government would be preferable. Although they may be established and funded initially by local government, these private organizations should rely on private sources of support in the long term. They often hire rural planners or economic developers to help articulate and implement local strategies.

Similarly, localities pursuing development-based approaches may establish either public agencies or not-for-profit organizations to fulfill the economic development function. Some evidence supports establishing local development organizations—private, not-for-profit entities created to pursue public purposes (MDC Inc. 1981, 1984; Malizia and Rubin 1985). Typically, local officials appoint the organization's governing board, and local governments fund its professional staff. The organization's authority and credibility come from the public sector, but its style and operating procedures are similar to those of an entrepreneurial concern. For example, risk taking and responsiveness to clients are encouraged. Pay and promotion decisions are based on performance rather than seniority.

Compared to public agencies, local development organizations are more autonomous, are subject to less rigorous public participation requirements, and can respond more rapidly and flexibly to problems or opportunities. They remain credible as long as they support reasonable provisions for due process and maintain a posture of objectivity and fairness. Like public agencies, their funding can be slashed or eliminated if they wander from their public mandate or grow ineffective. Unlike in public agencies, hiring and firing decisions can be made easily under the direction of the appointed board.

The research cited above shows that successful local development organizations have strong and creative leadership, local public support, competent staffs, adequate funding, and the ability to change as their economic environments change. They can fulfill a variety of roles depending on local circumstances. Roles that deserve attention in smaller cities and rural areas include analyst (economic forecasting, market research), catalyst (identifying projects and new ventures that meet public and private goals), service provider (technical and management assistance and counseling to local businesses and developers), facilitator (negotiation and mediation services to achieve agreements on local projects), implementer (loan packaging and financing of local projects/ventures), and evaluator (comparing project results and effects to relevant public purposes). Characteristics and examples are discussed more fully in Malizia and Rubin (1985).

Most nonmetropolitan areas will be able to afford local development organizations if several local jurisdictions pool their resources and hire a permanent professional staff. Depending on the area of the country, economic development districts, lead regional organizations, or councils of government may offer economical yet effective locations for the local development organization staff.

Frequently, economic planners and developers engage only in communitywide planning. Regardless of exactly how the economic development function is organized, however, practitioners should engage in planning at another level as well: within the local organization responsible for economic development. Even in rather small localities, practitioners will benefit from defining economic development goals and strategies in ways that are compatible with the missions, resources, and capabilities of their organizations. Moving from organizational planning to community planning will help rural practitioners promote economic development as an interorganizational effort requiring the commitment of many local actors. (This approach is elaborated in Malizia 1985a, 15–30.)

In conclusion, the appropriate organization of the local economic development function depends on the way economic development is defined and understood and on the way public goals are articulated. With either growth- or development-based approaches, the first priority is to vest a public or not-for-profit entity with the authority to pursue economic development on behalf of the local public. After economic development planning at the organizational level is well under way, that entity can initiate and lead communitywide economic development planning efforts. (For one approach to communitywide planning presented in a small city context, see Bendavid-Val 1980.)

Identifying economic development strategies

Local professionals usually consider a narrow range of strategies to achieve economic development. The strategies of industrial recruitment and promotion to create jobs and downtown revitalization to expand the tax base have received most attention, almost to the exclusion of other strategies. Now urban and rural practitioners are fascinated with small business development and business incubators. Recruiting "high-tech" industries is in vogue. Although these strategies deserve consideration, practitioners should identify and formulate many strategies after completing a careful analysis of the local economy, applying appropriate theory to understand emerging trends, defining economic development explicitly, and proposing the relevant goals or problems to be addressed.[6] Even among areas experiencing similar economic trends, located in the same part of the country, and seeking the same economic development goals, each area warrants a unique set of strategies.

Frequently localities copy one another's strategies. Although learning from others is to be encouraged, strategy imitation is no substitute for careful analysis and design. Getting on the bandwagon is especially pernicious in local economic development because it can *reduce* the attractiveness of the localities on board. First, scarce local resources may be used to pursue inferior strategies, incurring high opportunity costs. Second, imitation makes localities more similar. Yet it is uniqueness and distinctiveness that tend to attract households and firms and make an area valuable to them. A unique and distinctive set of local economic development strategies can contribute to the relative attractiveness of an area (Perloff 1979).

Let us assume that in one area local leaders and professionals have articulated a growth-based definition of economic development, while officials in another area have embraced a development-based definition. For simplicity, we assume that each area has a single goal: job creation in the former locality and improving economic structure in the latter. The local economic developer in each area is charged with the responsibility for identifying alternative strategies that will have direct effects on the respective goals and for establishing initial priorities among the strategies. We further assume that the areas specialize in manufacturing and have enjoyed considerable growth in manufacturing employment during the 1970s as the result of branch plant locations.[7] Which strategies should each economic developer consider for the future?

Downtown pedestrian mall project in Hickory, N.C.—an example of common approach to downtown revitalization aimed at supporting existing businesses and expanding the tax base. (Photo used by permission of carolina planning)

Growth-based strategies

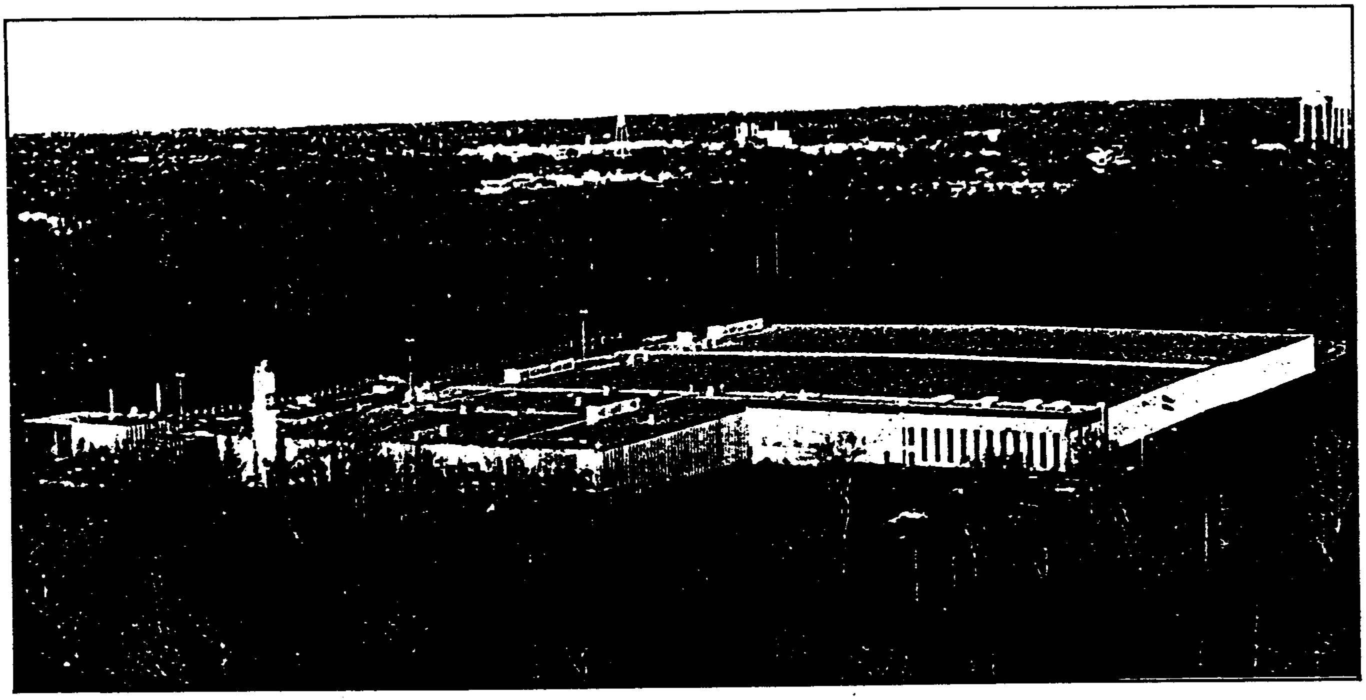
Industrial recruitment and promotion are relevant to the growth-oriented locality. Following the logic of export base theory, the local economic developer would want to continue attracting branch manufacturing facilities to expand the export sector. Most localities employ some form of targeted industry recruitment, inventorying the area's resources and assessing its economic strengths and weaknesses in order to identify the industries most likely to be attracted there.

Expanding existing industry also will increase employment in the locality's export sector. Most existing industry programs offer various management and technical assistance services or facilitate contact between existing industries and service providers. Infrastructure development, marketing assistance, training programs, and financing assistance are usually the most useful services.[8]

Industrial recruitment and existing industry expansion can be combined to pursue the strategy of import substitution. In this instance, the local economic developer examines the interindustry linkages connecting the export sectors to other sectors of the economy. Local employment multipliers will increase if goods and services formerly purchased outside the area can be produced locally.

Management and technical assistance can support attempts to retain employment as well as to expand employment. The local developer also should consider community or employee ownership of facilities threatened with closure. Headquarters decisions to close particular branch plants are generally sound, but sometimes branches have sufficient market potential to be operated profitably under local ownership. Furthermore, this strategy can work only if the facility with market potential remains a going concern and is purchased at an attractive price. Unfortunately, the experience with local buyouts has been discouraging. Frequently, facilities that are not going concerns are purchased at inflated prices, and the new local owners are not in business very long.

The local developer also may consider small business development, given the popular idea that small businesses generate most new jobs. Many areas offer services such as business counseling and general management assistance to small businesses. As noted, business incubators to support small business growth are



Industrial recruitment and existing industry expansion can be combined in pursuit of import substitution. Above, investment in Burlington Industries' new denim weaving plant at Erwin, N.C., and in the modernization of the older plant in the background exceeded $55 million. (Photo courtesy of the North Carolina Department of Commerce)

currently very popular. Miller (1985) finds that small businesses are much less significant employment generators in nonmetropolitan areas than they are in metropolitan areas. Moreover, nonmetropolitan jobs provided by large employers last longer and pay better.

The economic developer in a rural area should assess the development potential of the area's natural resources. New economic activities to serve local or export markets may be based on underused local resources. Unfortunately, global and domestic commodity prices are severely depressed, and few predict significant increases before the 1990s. Federal agriculture policy probably will offer less support for farmers, although bankers and distributors serving farms may receive more favorable treatment. Thus it is unlikely that significant employment gains are possible in resource-based sectors.

On the other hand, most employment growth is occurring in the tertiary or service sector. The local planner should examine ways to stimulate creation of nonmanufacturing jobs. Emulating attempts to recruit corporate headquarters would not be productive, since headquarters are attracted to metropolitan areas, usually larger ones. In nonmetropolitan areas, service employment is limited by the size of the local market. A strategy that uses market research may be able to find unserved market segments large enough to offer new business opportunities to local service firms. An indirect strategy is to increase the purchasing power of local residents by trying to raise area wages and salaries. This may involve recruiting or helping to expand industries that pay wages above prevailing levels. These industries may exert upward pressure on wages in the rest of the economy. Such an effect is more likely in tight labor markets or in areas with higher rates of unionization. The locality also may support the indirect approach by increasing government employment; government tends to provide stable jobs and pay better-than-average wages.

Of course, the local planner may face considerable resistance to such an indirect strategy. Local employers who export products to other areas hope their customers become more affluent but will resist pressures to increase the wages they pay locally. Local citizens may oppose enlarging the public sector unless payrolls are financed from nonlocal sources.

Finally, the local economic developer can consider a range of strategies directed at local workers. Skill training programs, often customized to meet the needs of an exisiting or prospective employer, are used in conjunction with industrial recruitment or expansion strategies. More ambitious programs to train "entrepreneurs" are more likely to yield positive results in metropolitan areas where market niches exist for small businesses, but programs based in rural high schools have spun off successful small businesses in a few places.

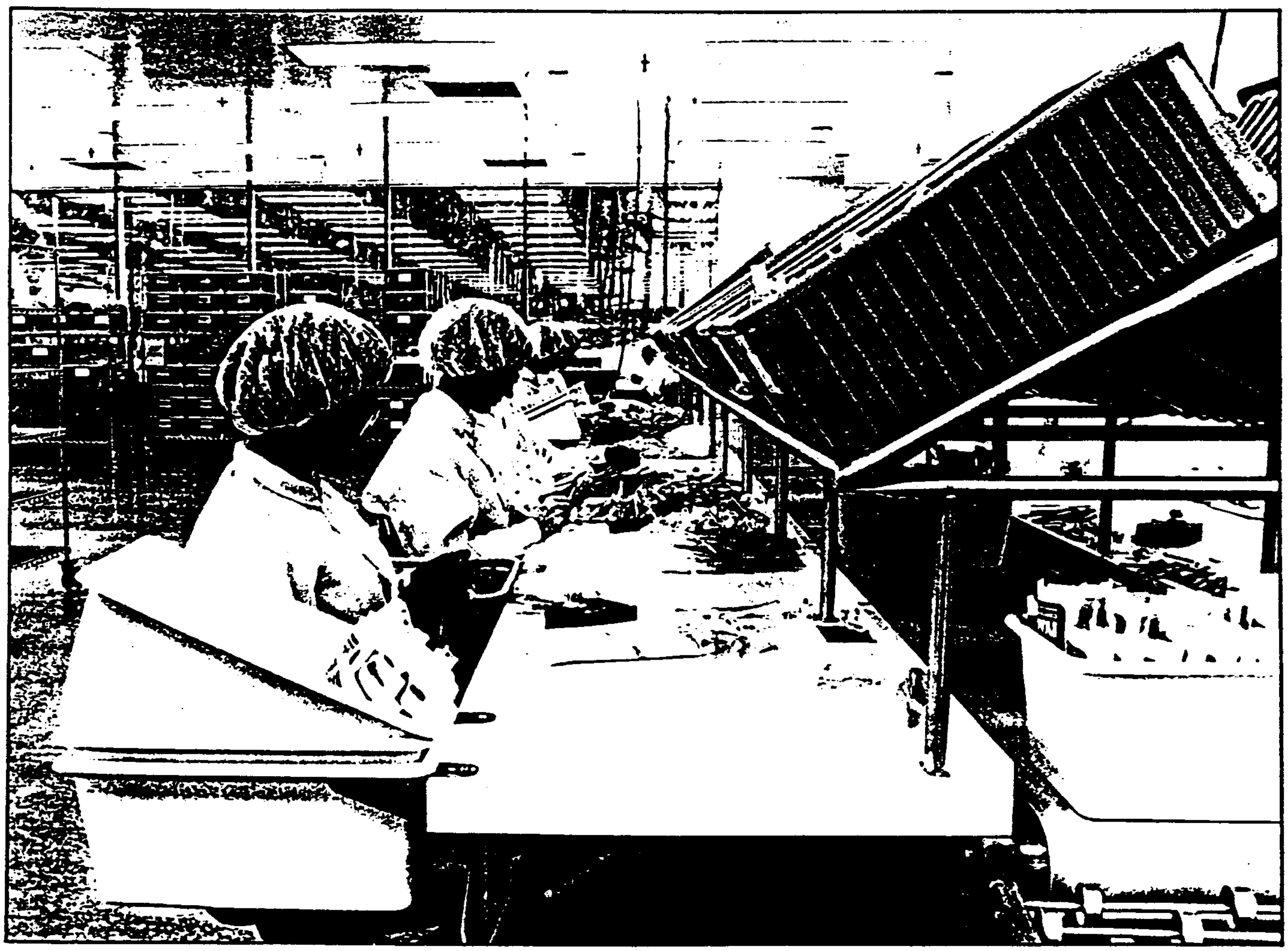
Reviewing the growth-oriented strategies, I suggest that rural practitioners give strongest initial consideration to expanding existing industries, stimulating the local service sector through import substitution and new business development, and recruiting new industries.

Development-based strategies

The economic developer in a locality that took a development-oriented approach would rarely pursue industrial recruitment, because the branch plants seeking nonmetropolitan locations are producing standardized products that do not have much economic future. Similarly, the expansion of existing branch facilities usually will not improve the area's future competitive position. Many areas have sought to diversify their industry mixes by attracting manufacturers who represent industries not previously located in the area; instead, the new arrivals usually produce a different set of standardized products with little or no growth potential. Thus, although its industry mix may change, an area's resilience or competitive potential will not improve with the expansion of standardized product manufacturing.

It is possible, however, to employ both of those strategies developmentally. Thompson and Thompson (1985) have shown how pursuing industrial recruitment that builds on the skill mix of the local workforce can gradually upgrade those skills. As human resources improve, the local economy develops. Helping business owners expand can be developmental if expanding firms become more viable and competitive. The research on corporate ownership and control in rural areas indicates that locally owned firms make longer-term commitments to an area and remain more dependent on local resources and sources of supply (for example, see McGranahan 1982). Moreover, if successful, both strategies would tend to make the distributions of income and wealth less unequal.[9]

The local economic developer would have little interest in retention strategies such as employee ownership. On the contrary, the objective would be to move away from sectors with little or no future potential and support economic activities with growth potential. That objective does not, however, entail recruiting industries that are enjoying high rates of growth. As noted, rural



Workers at IVAC Corporation's new plant at Creedmoor, N.C., assemble medical instruments. Many areas have sought to diversify their industry mixes by attracting manufacturing industries not previously located in the area; frequently, however, the new arrivals produce a different set of standardized products with little or no growth potential. (Photo courtesy of the North Carolina Department of Commerce) areas are disadvantaged with respect to such industries. More important, an economic structure is not made more resilient by the presence of high-growth industries. On the contrary, the presence of growth sectors is the result of a resilient local economy.

Import substitution or export promotion do not promote development when local production substitutes for production elsewhere. To be developmental, these strategies must result in significant improvements in productivity or be tied to new product development that creates new markets that did not exist previously. Although her explanation is not always clear, the import substitution strategy posed by Jacobs (1984) appears to have developmental potential along the lines being argued here.

Small business development per se is irrelevant, since the research shows that most new small businesses fail in a few years and only a few grow rapidly. Similarly, strategies to promote directly the expansion of the service sectors are not recommended, since the growth of new service businesses usually comes at the expense of exisiting service businesses in rural areas. The local economic developer should focus instead on the process of new business creation and determine what role, if any, the organization can play. The strategic objective is not to help start particular businesses but to increase the new business birth rate in the area. Although metropolitan areas appear to be favored locations for new ventures, many critical elements also are found in rural areas or can be developed there. Too often researchers have referred to such metropolitan advantages as urbanization or agglomeration economies without analyzing particular elements in sufficient detail. The milieu favorable to new ventures appears to be related to a changing population that manifests changing tastes and to a variety of business and professional services necessary to get a venture off the ground. New ventures will have a greater chance of flourishing where consumer or intermediate markets are changing and where lawyers, accountants, market researchers, advertisers, product designers, suppliers, computer programmers, bankers, and interested investors are available. (Compare the strategies suggested in Shapero 1981.)

In trying to improve the environment for development, the local economic developer is helping to make the area supportive of innovation. Of course, there may or may not be people in the area who are willing and able to innovate. Without the proper environment, however, such people, if they are in the area, surely will move away. The most promising source of entrepreneurship will be found among the managers of the area's branch facilities. Some of these branch managers may be able to spin off new businesses in the area. Rather than providing only customized training to fashion a workforce for branch plants, the locality also might sponsor forums to bring together branch managers and local business service providers and might set up seminars for managers to exchange business ideas with successful entrepreneurs from other areas.

Finally, the local developer should reconsider the location factors that are important to enhance local economic development. By way of contrast, the costs of land, labor, energy, and materials and the access to markets so critical in the branch plant location process are not very relevant. The factors of consumption that bear directly on the local quality of life are more important. It is interesting to note that, historically, planners have been most concerned with quality-of-life factors, often to the dismay of economic developers and other growth advocates. In designing a strategy to improve economic structure, the economic developer should be concerned with the quality of education, at all levels, the quality and cost of housing, the quality and cost of private goods and services, the convenience of transportation and commuting times, the local tax burden relative to quality of public services, the cultural, recreational, and other amenities in the area, and related factors that bear on the quality of life. In other words, the development of the local economy and the quality of local living conditions are interrelated and mutually reinforcing.

The developmental strategies that are best able to support innovation and productivity gains are the most attractive. The developer who promotes innovation and productivity will be improving not only the area's but also the nation's capacity to produce and will be contributing to *national* economic well-being.

Conclusion

The strategies suggested above are meant to be illustrative rather than definitive. One would hope that economic developers concerned with growth or development could suggest strategies more cogent than these because they have a deeper understanding of the local economy and a better grasp of the public sector's proper role in economic development. The point worth emphasizing is that *many* economic development strategies appear worthy of serious consideration beyond the few traditional or currently popular strategies. Nonmetropolitan areas with identical development goals and roughly similar growth characteristics may require very different economic development strategies. A complementary approach for developing realistic strategies is in Gregerman (1984).

Regardless of their strategic orientation, rural practitioners should recognize the growing integration of U.S. nonmetropolitan areas in the global economy. For example, the U.S. balance of trade for particular goods produced in rural areas will influence the expansion potential of those sectors. As the location of new employment swings again toward metropolitan areas, nonmetropolitan areas will become more dependent on nearby metropolitan economies and more susceptible to economic change occurring there. Indeed, the number of employed residents living in nonmetropolitan areas exceeds the number of people working in nonmetropolitan areas. Thus, on the whole, there is a net out-commuting from nonmetropolitan areas. Although rural practitioners cannot control most locational forces, they should recognize their areas' increasing economic dependence and integration. They should pay attention to economic development efforts in accessible metropolitan areas and to international economic trends (Malizia 1985b; Rosenfeld et al. 1985).

The trends indicate that job creation will be difficult in most nonmetropolitan areas. Areas that specialize in agriculture, mining, and primary products will face continued hard times until commodity prices increase significantly. Manufacturing areas are losing competitive advantage to U.S. metropolitan areas and overseas locations. At the same time, productivity improvements continue to put downward pressure on the number of production workers. Areas that serve tourists, students, military personnel, and especially retirees can look forward to more promising economic futures, as can areas that are near thriving metropolitan economies.

Rural planners and economic developers must recognize the realities that affect their areas. Local professionals working in areas with similar economies achieve quite different levels of success. The tasks outlined in this article should help them be more successful. In addition, successful professionals should commit to protracted development efforts, build consensus among disparate local interests, and exercise leadership.

Notes

1. In this article, smaller cities are incorporated places with populations less than 50,000. Rural areas are sparsely populated, low-density areas. Although the delineations are not exact, nonmetropolitan counties contain most smaller cities and rural areas. Thus, references to smaller cities, rural areas, and nonmetropolitan areas are roughly equivalent.
2. During the 1960s and 1970s, the Economic Development Administration and the Farmers Home Administration had large and growing appropriations. Most economic development planning in nonmetropolitan areas was an exercise in grantsmanship designed to meet federal funding requirements. With federal support, localities assembled incentive packages to recruit industry. During the 1980s, EDA and FmHA appropriations have been cut drastically, and the responsibility for economic development has shifted from the federal level to the state and local levels. Although nonmetropolitan areas have attracted branch manufacturing facilities in the past (Lonsdale and Seyler 1979; Norton and Rees 1981), it it now harder for any locality to attract corporate investments and to keep them in place over the long term (Schmenner 1982).
3. As a whole, the nation's nonmetropolitan areas, which used to specialize in agriculture or natural resource industries, have diversified to include more manufacturing and service activities, which accounted for more than 50 percent of the nonmetropolitan employment in 1980. Since 1960, however, the volatility of nonmetropolitan areas has increased, as Garnick (1985, 37) has shown studying the variation in population and earnings. Furthermore, individual nonmetropolitan area economies remain quite specialized in agriculture, mining, manufacturing, government, or retirement and tourism (see Bender et al. n.d.).
4. The population and employment growth trends established in the late 1960s have begun to reverse themselves again. Available statistics for the 1980s show population and employment growth in metropolitan areas higher than nonmetropolitan area rates. (For example, see Beale and Fuguitt 1985; Bluestone and Daberkow 1985.) Surprisingly, unemployment rates in nonmetropolitan areas have been above metropolitan rates since 1982 (Nilsen 1985).
5. This summary presentation is not intended to slight the careful scholarly work that considers when government intervention in market systems is justifiable. A technical discussion of social and private costs and benefits, externalities, or market failure is not needed to support the present argument.
6. A portfolio approach, where the risks and rewards of alternative strategies are assessed, may be helpful to evaluate potential strategies and select the most appropriate set in which to invest public resources (see Malizia 1985a, 47–49).
7. The Economic Research Service of the U.S. Department of Agriculture has completed studies of areas in Kentucky and Georgia that conform to this general description. The labor market effects of economic change in those areas are described in Daberkow et al. (1985) and in Schaub (1984a; 1984b). The author had these areas in mind when developing the strategies discussed below.
8. The Tennessee Valley Authority has been offering a very successful existing industries program for the past several years in nonmetropolitan areas. Further information is available from TVA's Office of Economic Development, 1J104 Old City Hall, Knoxville, TN 37902.
9. Some theorists see greater inequality, which increases the incomes of the wealthy, as a means of stimulating economic growth and development. Since higher income groups have a greater propensity to save, more saving leads to more investment, which increases the economy's capacity to produce. This is similar to the "supply-side" position that incentives to save and invest will greatly increase employment opportunities. Thus, policies to create more income and wealth for the "haves" will trickle benefits downward in the form of jobs to the "have-nots."

   The author agrees with other theorists who maintain that savings rates do not drive the economic development process. It is more likely that greater equality generating more consumption will stimulate investment by increasing aggregate demand. Furthermore, the quality of economic development appears to be influenced positively by more egalitarian ownership structure. For example, see Baldwin (1956).

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SAN LUIS OBISPO: 2010

SERVICES

TOURISM

AGRICULTURE

The road ahead for business in San Luis Obispo is full of great promise. The county will remain among the fastest growing in California in terms of jobs, population and income, which will lead to solid increases in the standard of living for its people. By the year 2010, the county's gross regional product should more than double, while per capita income will grow to $19,000, reflecting a favorable industry structure and 124,000 new jobs.

Despite this potential, there are physical and economic limits to San Luis Obispo's expansion. And it remains to be seen how well county leaders can grapple with the problems of growth, while preserving the area's serene, rural qualities.

What Is Driving the Economy?

San Luis Obispo's rapid growth history can be traced to a few critical factors: substantial job opportunities, a superior quality of life free from many urban woes and affordable housing. These conditions have continued to draw many urban dwellers from other Southland counties. In 1987, 45 percent of in-migration was from Los Angeles and Orange counties. From 1980 to 1987 in-migration accounted for 85 percent of population growth. With this trend continuing, San Luis Obispo's population will reach 360,000 by the year 2010.

Despite the influx of new residents, the county will remain a relatively small market by Southern California standards. Business activity will continue to focus on tourism, retirement communities, agribusiness and government.

Today 20 percent of the work force is employed by state and local government institutions, including the California State Polytechnic University, the California Men's Colony and the state hospital in Atascadero.

Utility companies are another major employer. Pacific Gas & Electric Company has a nuclear facility at Diablo Canyon and a plant in Morro Bay. Stable employment in the utilities sector, estimated at 1,400 to 1,500 people, insulates the economy somewhat from the effects of business cycles.

Growth areas in San Luis Obispo include business and personal services, finance and retailing. Manufacturing is relatively small, making up only 7 percent of gross regional product. But in terms of job growth, San Luis Obispo has far surpassed California and the nation since 1977, with manufacturing jobs having increased by 7.3 percent annually.

Present and Future Obstacles

San Luis Obispo's growth has been so rapid that some communities are moving to restrain it, not only out of desire, but also of necessity, because expansion has outstripped water supply and sewage treatment capabilities. Even growth-oriented communities such as Los Osos are facing building moratoria so that infrastructure can keep pace with housing demand. These constraints will not be solved overnight, and the county may be forced to expand at a more moderate pace during the coming years.

These dislocations are spawning slow-growth sentiments among residents. After all, it was the rural and peaceful nature of the county which first attracted many residents. Increasingly, San Luis residents are perceiving in-migration and the county's 3.7 percent annual population growth as a threat to their quality of life.

Regional Patterns of Development

In the future, the city of San Luis Obispo will remain the county's principal job center. Pismo Beach will emphasize retirement communities and tourism; so will Morro Bay and other northern coastal areas, which also will serve as bedroom communities for San Luis Obispo. But growth constraints, including building moratoria, already are most evident in this section of the county.

The north inland area, including Paso Robles and Atascadero, has expanded the fastest in recent years. This area also has the best growth potential becaus[e] of its abundant, affordable housing and low-cost land. If current plans proceed, Santa Margarita

SAN LUIS OBISPO COUNTY: 2010

KEY ECONOMIC INDICATORS

	1977	1987	FORECAST 2010	ANNUAL PERCENT CHANGE* 1977-1987	1987-2010
Gross Regional Product Billions–1987 $	1.6	2.6	6.1	5.1%	3.8%
Population July 1–Thousands	140	202	360	3.7%	2.5%
Per Capita Income 1987 $	$11,900	$14,600	$19,200	2.0%	1.2%
Employed Thousands	52	86	210	5.2%	4.0%

*Compounded

Source: California Department of Finance, California Employment Development Department, U.S. Department of Commerce

GRP Estimates, Forecasts: Economics Division, Wells Fargo Bank

Ranch will greatly expand both commercial and residential development in the region.

Agribusiness: Protection Against Urbanization

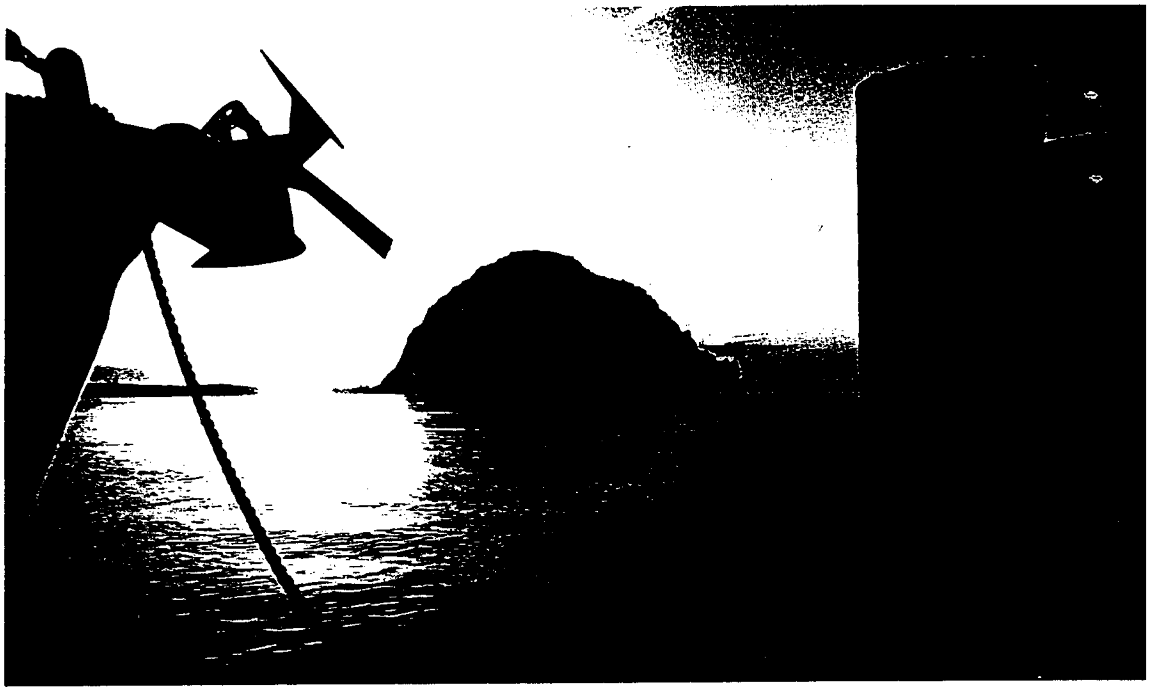
San Luis Obispo's fertile land and moderate climate provide the economy with a diverse, productive farm sector, which also benefits from strong demand for agricultural products throughout the state. But only about 7 to 10 percent of the economy is dependent on farm-related activities. In the future, although land will be taken from production, local planners will continue to preserve land zoned for agricultural uses.

The total value of agricultural production reached $248 million in 1987, with seasonal, high-value crops such as lettuce, broccoli and peas making up nearly half of production. Future demand will expand for other commodities, including fruits and nuts. At the same time, the county will retain its niche in specialized agricultural activities, such as horse breeding.

Tourism and Retirement: Leading the Way in Services Growth

Based on anticipated population increases, the best potential for growth lies in the area of services and retailing. In 1985, 13 percent of the local population was over the age of 65, the second highest ratio in Southern California, after Riverside County. Strong growth in the over-45 population in the years ahead will provide a solid, affluent retail and services base for area businesses.

The county has an abundance of tourist attractions, including its coastline, beaches and the Hearst Castle at San Simeon. After steady growth, travel-related expenditures reached $326 million in 1986. For tourism to expand further, local hotels and tourist agents need to promote more awareness of the region's unique and scenic qualities. Nestled between two highly publicized tourist centers, Santa Barbara and Monterey, San Luis Obispo may find it difficult to increase destination trips.

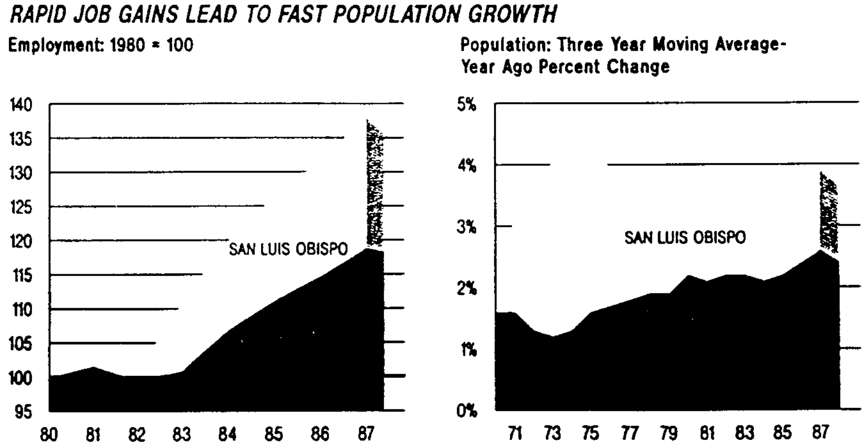


San Luis Obispo County has grown rapidly while retaining its serene qualities.

Conclusion

On balance, San Luis Obispo is poised for solid gains over the next 20 years. While growth will not be as explosive as in recent years, the area's many attractive qualities will position it among Southern California's growth leaders.

RAPID JOB GAINS LEAD TO FAST POPULATION GROWTH



Source: California Employment Development Department, California Department of Finance

San Luis Obispo County-Population Projections

San Luis Obispo County Department of Planning and Building

SAN LUIS OBISPO COUNTY POPULATION PROJECTION - DEPARTMENT OF FINANCE SCENARIO

MAY 1989

PLANNING AREA/COMMUNITY	1989	1990	1995	2000	2005	2010	2015	2020
ADELAIDA	2813	2940	3246	3411	3550	3685	3816	3941
EL POMAR/ESTRELLA	6162	6439	7109	7472	7776	8072	8358	8633
ESTERO	29201	30705	36153	41729	46738	51828	57293	62015
MORRO BAY	10133	10388	11291	12272	13220	14067	14895	15655
CAYUCOS	2974	3130	3290	3390	3493	3581	3662	3745
LOS OSOS	14469	15446	19480	23700	27475	31466	35862	39595
ESTERO (RURAL)	1625	1740	2092	2367	2550	2713	2873	3020
HUASNA-LOPEZ	783	818	903	949	988	1025	1062	1097
LAS PILITAS	1253	1309	1446	1519	1581	1641	1700	1756
LOS PADRES	294	307	339	356	370	385	398	411
NACIMIENTO	1918	2076	2618	3186	3784	4281	4808	5308
NORTH COAST	5712	6206	8002	9846	11807	13709	15750	17700
CAMBRIA	4850	5287	6910	8611	10476	12293	14251	16123
NORTH COAST (RURAL)	861	920	1092	1236	1331	1416	1500	1576
SALINAS RIVER	49169	53321	66819	79274	90194	101365	112888	124078
ATASCADERO	22725	24685	30396	35237	39384	43483	47423	51088
PASO ROBLES	16392	17867	23352	28754	33740	39114	45015	50931
SAN MIGUEL	1066	1126	1321	1513	1670	1799	1914	2012
SANTA MARGARITA	1198	1288	1567	1817	2006	2188	2357	2508
TEMPLETON	2719	2943	3756	4681	5559	6445	7417	8331
SALINAS RIVER (RURAL)	5070	5412	6428	7272	7834	8336	8762	9209
SAN LUIS BAY	44307	45476	52416	57736	61629	64915	67555	70057
ARROYO GRANDE	14057	14236	16503	17999	19152	20129	20896	21637
AVILA BEACH	1025	1040	1093	1135	1164	1193	1223	1254
GROVER CITY	11471	11403	12901	14071	14972	15736	16335	16915
OCEANO	6288	6642	7700	8606	9157	9624	9991	10345
PISMO BEACH	7566	7992	9153	9982	10622	11163	11588	12000
SAN LUIS BAY (RURAL)	3900	4163	5065	5943	6562	7069	7522	7906
SAN LUIS OBISPO	52730	54602	59082	63281	66947	70596	73531	76330
SAN LUIS OBISPO	41027	42196	44349	46611	48989	51487	53447	55482
SAN LUIS OBISPO (RURAL	11703	12405	14734	16670	17958	19109	20084	20848
SHANDON-CARRIZO	2281	2350	2469	2570	2661	2742	2811	2882
SOUTH COUNTY	15451	16755	21138	25422	29133	32986	36902	40786
NIPOMO	7882	8561	10927	13294	15411	17650	19970	22320
NIPOMO (RURAL)	7570	8194	10211	12128	13721	15336	16932	18467
Unincorporated	88703	94536	113795	131825	147078	162050	177273	191287
Incorporated	123371	128768	147945	164925	180079	195181	209599	223707
COUNTY TOTAL	212,074	223,304	261,740	296,750	327,157	357,231	386,872	414,994
DOF CONTROL (1989)	211,941	214,500	250,200	283,200	311,400	339,900	367,800	394,000
DIFFERENCE	133	8,804	11,540	13,550	15,757	17,331	19,072	20,994

(1) This scenario assumes D.O.F. projections will occur.

(2) Population growth will continue past trends. No existing constraints are considered.

(3) DOF controls are household populations. The difference includes institutionalized population.

San Luis Obispo County-Population Projections

San Luis Obispo County Department of Planning and Building

SAN LUIS OBISPO COUNTY POPULATION PROJECTION - RESOURCE CONSTRAINED SCENARIO (4)

MAY 1989

PLANNING AREA/COMMUNITY	1989 (1)	1990 (2)	1995 (2)	2000 (2)	2005 (2)	2010 (2)	2015 (2)	2020 (2)
ADELAIDA	2813	2871	3034	3189	3335	3473	3601	3721
EL POMAR/ESTRELLA	6162	6444	7281	8127	8974	9813	10635	11434
ESTERO	29201	30060	31209	31976	32754	33365	33933	34477
MORRO BAY (2)	10133	10277	10749	11137	11695	12167	12639	13112
CAYUCOS	2974	3088	3188	3239	3265	3278	3285	3288
LOS OSOS	14469	15043	15547	15806	15937	16003	16036	16053
ESTERO (RURAL)	1625	1651	1724	1793	1857	1917	1973	2024
HUASNA-LOPEZ	783	789	807	823	838	852	864	875
LAS PILITAS	1253	1281	1359	1433	1503	1570	1632	1690
LOS PADRES	294	298	312	325	337	348	358	368
NACIMIENTO	1918	2397	3439	4765	6396	8343	10604	13165
NORTH COAST	5712	6221	6562	6884	7189	7474	7740	7989
CAMBRIA	4850	5294	5591	5873	6138	6388	6621	6838
NORTH COAST (RURAL)	861	928	971	1012	1050	1086	1119	1150
SALINAS RIVER	49169	52339	61642	70935	80245	89557	98858	108134
ATASCADERO (2)	22725	23616	27213	30810	34407	38005	41602	45199
PASO ROBLES (2)	16392	17991	22278	26565	30851	35137	39423	43710
SAN MIGUEL	1066	1119	1278	1441	1605	1769	1931	2089
SANTA MARGARITA	1198	1260	1361	1414	1464	1511	1554	1594
TEMPLETON	2719	2987	3241	3487	3726	3955	4172	4379
SALINAS RIVER (RURAL)	5070	5367	6272	7218	8192	9182	10176	11163
SAN LUIS BAY	44307	44999	50091	55162	60207	65218	70190	75121
ARROYO GRANDE (2)	14057	14236	15702	17168	18633	20099	21565	23030
AVILA BEACH	1025	1028	1037	1045	1052	1058	1064	1069
GROVER CITY (2)	11471	11403	12798	14194	15590	16985	18381	19777
OCEANO	6288	6492	7083	7660	8220	8759	9275	9766
PISMO BEACH (2)	7566	7803	9040	10276	11512	12749	13984	15221
SAN LUIS BAY (RURAL)	3900	4036	4431	4821	5200	5568	5921	6258
SAN LUIS OBISPO	52730	53248	57020	60759	64464	68135	71773	75378
SAN LUIS OBISPO (2)	41027	41450	44638	47826	51015	54202	57391	60578
SAN LUIS OBISPO (RURAL	11703	11798	12382	12933	13450	13933	14382	14799
SHANDON-CARRIZO	2281	2334	2482	2624	2758	2885	3004	3116
SOUTH COUNTY	15451	15997	17597	19190	20763	22301	23794	25233
NIPOMO	7882	8250	9347	10459	11574	12680	13767	14825
NIPOMO (RURAL)	7570	7747	8250	8731	9188	9620	10027	10407
Unincorporated	88703	92502	100416	108217	116061	123989	132001	140072
Incorporated	123371	126777	142418	157976	173703	189344	204985	220627
COUNTY TOTAL	212,074	219,279	242,834	266,192	289,763	313,332	336,986	360,699
DOF CONTROL (1989)	211,941	214,500	250,200	283,200	311,400	339,900	367,800	394,000
DIFFERENCE (3)	133	4,779	(7,366)	(17,008)	(21,637)	(26,568)	(30,814)	(33,301)

(1) 1989 figures are as of January 1. DOF control represents State Department of Finance estimates.

(2) Individual city staff generally concur with their cities' respective projections.

(3) DOF projections are household populations, while County totals include institutionalized population.

(4) Resource constraints based upon Summary of Resource Management System Levels of Severity, Appendix D of Framework For Planning - Inland Portion of the Land Use Element.

- OVER -

APPENDIX B

ESTIMATED BUILD-OUT CAPACITY[1]
OF THE LAND USE ELEMENT (INCLUDING INCORPORATED CITIES)
AND PROJECTED BUILD-OUT DATES

PLANNING AREA/COMMUNITY[2]	BUILD-OUT POPULATION[3]	PROJECTED BUILD-OUT DATE[4]
Adelaida	3,136	1990
El Pomar/Estrella	7,603	2010
Estero	39,731	
Morro Bay[5]	12,200	2000
Cayucos	4,231	2020+
Los Osos	21,516	1995
Rural	1,784	1990
Huasna/Lopez	1,516	2020+
Las Pilitas	1,682	2005
Los Padres	1,191	2020+
Nacimiento	27,888	2020+
North Coast	18,240	
Cambria	15,736	2020+
Rural	2,504	2020+
Salinas River	95,166	
Atascadero[5]	32,860	1995
Paso Robles[5]	38,670	2010
San Miguel	3,190	2020+
Santa Margarita	1,332	1990
Templeton	10,102	2020+
Rural	9,012	2015
San Luis Bay	64,410	
Arroyo Grande[5]	19,388	1990
Avila Beach	1,721	2020+
Grover City[5]	16,000	2005
Oceano	15,220	2020+
Pismo Beach[5]	13,563	2020+
Rural	9,291	2020+
San Luis Obispo	56,570	
San Luis Obispo City[5]	53,000	2015
Rural	3,570	1990
Shandon/Carrizo	53,691	2020+
South County	37,323	
Nipomo	25,700	2020+
Rural	11,623	1995
TOTAL BUILD-OUT	418,920	2020

404/3556k2

NOTES:

1. The build-out capacity estimates and population projections are subject to change through the development of new information through the Land Use Element update program or other research projects. Estimates may be revised periodically.

2. Community listings include all land within urban or village reserve lines, so that city expansion areas are included.

3. The build-out population represents the likely maximum population to inhabit each community or area, under current city and county general plans, given the factors discussed in Chapter 3. The following exceptions apply:

   A. The city of Morro Bay has enacted a development limit to equate to a population of 12,200 by the year 2000, which is listed in this table.

   B. The city of Pismo Beach has provided a 20-year population projectionnof 13,353 for the year 2008.

4. Projected dates are estimates rounded to the nearest five-year interval using population projections in Appendix A.

5. Incorporated city and urban reserve expansion area.

404/3556k2
01/05/89

ATTITUDES ABOUT GROWTH:

A SCAN OF SAN LUIS OBISPO COUNTY RESIDENTS AND DECISION-MAKERS

CONDUCTED AND REPORTED BY TEN GRADUATE STUDENTS IN PARTIAL FULFILMENT OF COURSE REQUIRE-MENTS IN COURSE CITY AND REGIONAL PLANNING 554 - ADVANCED PLANNING LABORATORY, WINTER QUARTER, 1988

INTRODUCTION

How does the general public feel about growth and growth management in the County? Do their opinions differ from the opinons of influental county residents and decison-makers? How do both groups feel about government actions taken in managing growth at the present time and possible future actions? This report summarizes findings from two surveys, the Public Opinion Survey and the San Luis Obispo County Influentials Survey, which were conducted to help answer these kinds of questions. The surveys were undertaken by graduate students in the City and Regional Planning Department at Cal Poly, San Luis Obispo for the purposes of (1) generating information to be used in the development of conceptual growth management models for the County of San Luis Obispo, as a classroom exercise in theory development, and (2) providing useful information for participants in the Vision 2000 Growth Management Conference to be held March 12, 1988.

Part I of this report discusses the purpose of the two surveys, their content, and the methods used to conduct them. In Part II of the report the findings of the Public Opinion Survey are presented. In Part III, the Influentials Survey, a survey of individuals who were identified as official and non-official decision-makers in their communities and/or the county, is discussed. The method used to identify the individuals interviewed for the Influentials Survey is described in a separate report: "Community Influentials: A Reputational Survey." In the concluding Part IV a comparison of the results from the two surveys is made and overall conclusions based on the survey results are drawn.

The time constraint of the academic quarter system, in which a quarter is 10 weeks in length, has necessarily limited the efforts in conducting these surveys. However, the information collected in the surveys and presented in this report is accurate and, in general terms, representative of the opinions of County residents and decision-makers.

PART I

THEORY and METHOD

The surveys discussed in this report were designed, administered and analyzed by ten Cal Poly graduate students in the City and Regional Planning Department during January and February of 1988. This section of the report discusses the overall purpose of the surveys, and the specific purpose, content and sampling method used for both surveys.

The Rationale

The basic theoretical underpinning of this exercise is the confict generated as a result of the implementation of broad concepts which obtain concensus on broad policy statements but tend to be extremely controversial in the specific implementation with relationship to time and/or space. Obtaining consensus on any issue is easy in the abstract but becomes increasingly difficult the more specific proposed actions become. For example, most people agree on the general principle of affordable housing for everyone. Currently, one of the most affordable housing types is the manufactured (mobile) home. As the time approaches to assign a site for a mobile home park, concensus becomes increasingly difficult to obtain, in fact such a proposal may generate a substantial controversy.

Part of the purpose of our choice to conduct surveys of two separate County populations (the general public and County influentials) was to ascertain if this type of conflict (abstraction-specificity) exists between and within the two selected populations; and, if conflict exists, the degree of conflict and its relation to specific growth issues relevant to San Luis Obispo County. For example, how do influentials feel in general about growth management in the County vs. specific local government growth management techniques that might be used in their communities? Do their views change as specific growth management measures are detailed?

The juxtaposition of the the views of the general public and the decision-makers can also reveal potential conflicts regarding the development preferences, goals, and needs of the communities in the County. Many times the decisions made in the political processing of plans are made in response to surprised and angry publics whose views and priorities have not been included in the formative discussions. Both "sides" at that point take on a confrontational stance, both being surprised and possibly angry at the other's position. A survey methodolgy such as this can identify the gaps, separations, and divisions which are potential probems before they erupt into a damaging and fruitless battle of wills.

Geographic Designations

In the design of the two surveys, an approach was followed which is not usually taken. The County was divided into five"general areas" which separate and re-combine the communities of the county into groups (of like communities) with distinctive problems, patterns of existing growth, wants, needs, and plans for the future. The reason for this type of division is that the County of San Luis Obispo is large and diverse in regard not only to the natural environment, but also to the stage of economic development of individual communities and county sub-regions. The communities in the County, in response to their own constraints, resources, and opportunities have developed different existing growth patterns and growth plans for the future.

The survey was designed to provide comparisons between the responses of residents and decisionmakers surveyed in each of the five areas in the County shown on Map 1: (1) the North Coast, (2) the Salinas River Valley (Highway 101 corridor), (3) the Five Cities Area, (4) San Luis Obispo City, and (5) the remaining predominantly rural areas of the County.

The Public Opinion Survey

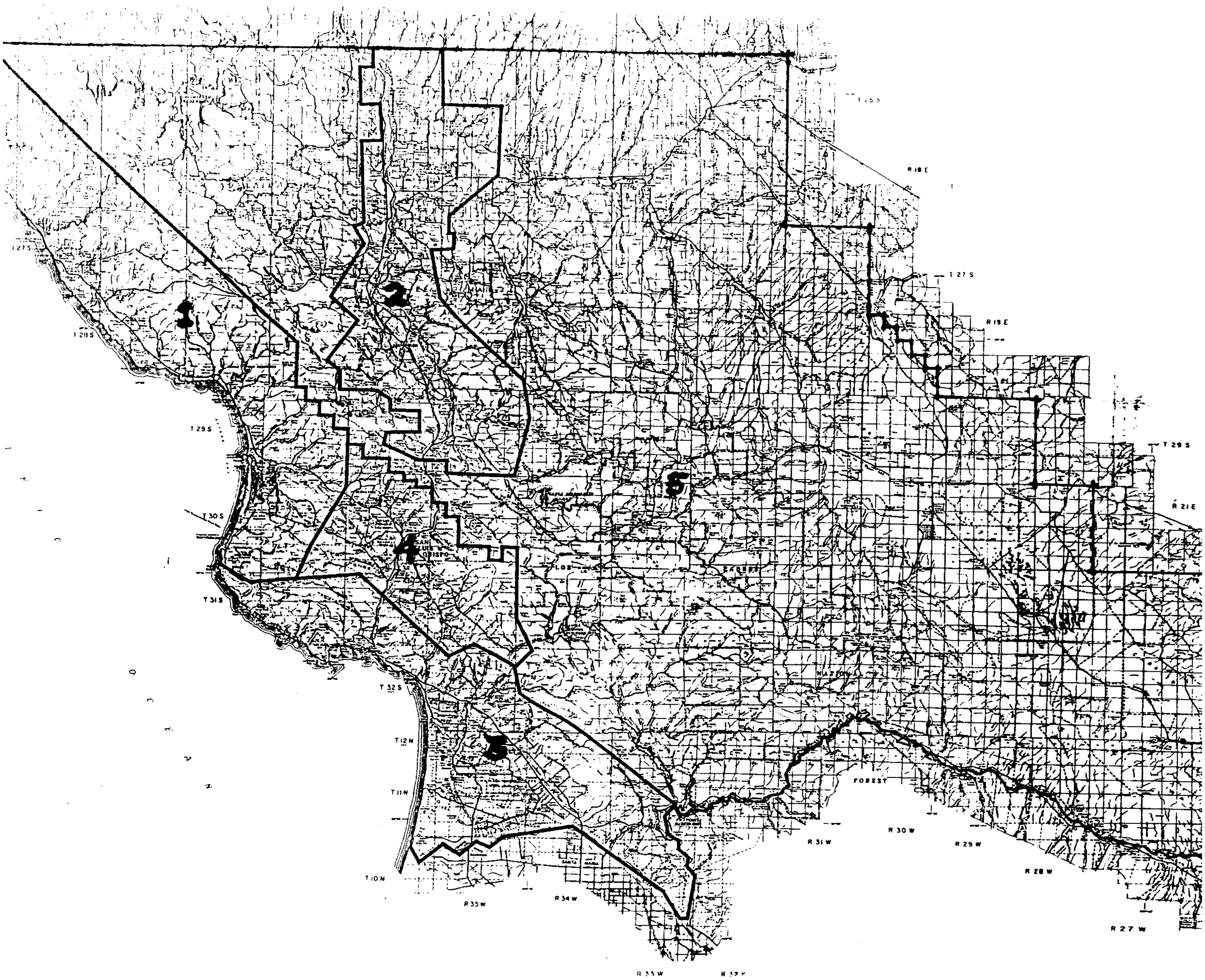
The Public Opinion Survey measured public perceptions of growth as a general issue, reactions to governmental management of community and county-wide growth, and to identify the opinions of county residents concerning future growth and growth management in their communities, as well as their views on public servises and some specific livability issues.

The survey was administered by telephone.The individuals to be surveyed were selected from the 1987 San Luis Obispo County Pacific Bell phone book. The white pages of the phone book were divided into 10 equal sections. Each student was assigned one of the ten sections. Phone numbers to be dialed were selected from the first and third of four columns on each page, at six inch intervals. Only residential numbers were called. If the student dialed a number that was busy or was not answered, the next consecutive number was dialed. This sampling method was used in order to yield a random sample of all residential numbers listed in the county phone book.

Each student interviewd 20-30 individuals, resulting in 235 completed surveys. Each survey took from 7 to 15 minutes to administer. All individuals surveyed were over 18 and members of the households contacted. The specific distribution with respect to geographic location and sex of respondents will be discussed in Part II, the analysis of the Public Opinion Survey.

The Influentials Survey

The purpose of conducting a separate Influentials Survey was to elicit information regarding the nature of development as perceived by the actual decisionmakers and influential members of the county. It also provides insight



SAN LUIS OBISPO COUNTY

SURVEY AREA MAP

into how individuals, identified as having an impact on the future development of the county, perceive growth and growth management. In addition it allows to ascertain wether or not there exists conflict between the attitudes of influentials and those of the general public and the degree of such conflict.

The Influentials Survey included many of the same questions asked in the the Public Opinion Survey. However, some questions were deleted and some questions were added in order to reflect the specialized knowledge and increased decisionmaking capabilities of the influentials.

The basic assumption in the identification and survey of influential members of any jurisdiction is that since they are infuential they will be responsible for the substance, direction, and location of future actions. Since at least half of the influentials identified were not elected or appointed office holders, it can be assumed that their decisions, influence, etc, will be outside the direct control of the electorate. An understanding of how they perceive the relationship between themselves and their environment can provide a great deal of insight into the possible future direction of growth in the county. This may also yield an indication of possible future disagreements which may be generated by the conflicts between the future strategies of office holders and those influentials who represent the private sector.

For the above purpose the Influentials Survey included questions in regard to several currently debated specific development projects in the county, like the proposal to expand the Paso Robles airport. The Public Opinion Survey did not include any such site specific questions.

The influentials were identified using a reputational method described in a separate report. The 25 most frequently mentioned office holding influentials and the 30 most frequently mentioned non-office holding influentials were selected to be interviewed. Each student was assigned 5 to 6 influentials to interview. Due to time and access constraints, 36 interviews were completed by the cut off date of March 1. The surveys were administered by telephone. Each survey took 20 to 30 minutes to administer.

PART II

THE RESULTS OF THE PUBLIC OPINION SURVEY

Introduction

The analysis that follows is based on the data collected from the telephone survey of the general public. First demographics are compared to measure how well the survey population reflects the actual population of San Luis Obispo County. The next section analyses the opinions the respondents have about growth and its related issues. These issues include traffic congestion, job opportunities, the perceived growth rate, and satisfaction with local government's management of growth. The key variables are assessed by region and by length of residence.The quality of public services provided to the respondents is rated. The responses are described by region.

In general, the distribution of respondents is similar to that of the county residents, however in the survey population female respondents and homeowners are over represented. Respondents indicated that traffic congestion is not a problem, but good jobs are hard to find, the growth rate is too high, and local government is not managing growth to the respondents' satisfaction. On the other hand,for the most part the survey population feels that the services are good or average.

A technical appendix is available at Cal Poly's City and Regional Planning Department.. It supplies tables, figures, and statistics used to support its findings and conclusions.

Demographic Comparison

According to the 1980 U.S. Census, the ratio of men to women in the county is 51 to 49. The ratio of men to women in the survey population is 41 to 59; thus, the female population is over represented in the survey. Homeowners are also over represented in the survey by about 16 percent. This may be due in part to the transient character of the county's student population. Students who move frequently are less likely to have a telephone number listed in the phone book.

A comparison of the original distribution of survey respondents with the actual population distribution revealed that the North Coast and Salinas River Valley Areas were over represented, while the Five Cities Area was under represented. Due to a satisfactory sample size this skew could be corrected by eliminating randomly survey responses from all the general areas, except the Five Cities area, in order to match the distribution of survey respondents with the population distribution in each of the five areas. The adjusted distribution of respondents by general area, compared to that of the actual population (as of 1985) is shown in Table 1 on the next page.

It should be mentionad that the margin of error in the survey results is just under 4 %. This means that on questions where the support or satisfaction degree is in the 45 to 55 percent range no conclusions can be drawn except that the attitudes are about evenly divided on the issue.

Subarea	Number of Respondents	Percent Respondents	Percent Population
North Coast	30	18	17
Salinas River Valley	37	22	21
Five Cities	44	26	28
San Luis Obispo	45	27	26
Rural County Areas	12	7	7

*Source: SLO County Planning Department, 1987. Figures are effective, 1985.

TABLE 1 ***Comparison of Survey Respondents and Population Distribution by Subarea***

Respondent Opinions on Growth Issues

Most of the respondents indicated that growth is good for the community. However, as Table 2 indicates, this opinion was not of the overwhelming majority. Typical comments during the interviews included "Growth has to come, but it should be controlled" or "If it is controlled, then it is good," and "Yes, controlled growth is good." The Salinas River Valley area most frequently indicated that growth is beneficial; people in the North Coast area are much less likely to say that growth is a good thing for the community.

	North Coast	Salinas River Valley	Five Cities Area	City of San Luis Obispo	County Wide*
YES	57%	68%	67%	64%	65%
NO	37%	32%	26%	27%	30%

* The percentages do not add up to 100% in every category because some responded No Opinion

TABLE 2 ***Is Growth Beneficial?***

As the next table shows,for the county as a whole, about 80 percent of the respondents are concerned about growth. Two-thirds of the respondents feel the county is growing too fast, although there is some variation in the response rate from area to area. The percentage of respondents who think growth is too fast is highest in the Five Cities (70%) and the North Coast areas (77%), while the respondents from the City of San Luis Obispo had the lowest percentage people who thought the growth rate was too fast (56%).

The survey indicates that most county residents are concerned about growth; they think the growth rate is too high; and they would generally support an initiative to limit growth in the county. About 75 percent of the respondents who said they are concerned with growth would support an initiative. Of those who were not concerned with growth 57 percent said they would not support an initiative.

The last column shows a broad base of support for a growth control initiative throughout the county with the strongest support in the North Coastal area (73%) and in the Salinas River Valley area (68%). San Luis Obispo again has the lowest number of respondents who would support such an initiative (60%).

Respondents who indicated the growth rate is too high were also those most often indicated they were dissatisfied with the government's present management of growth. The residents of the Five Cities area were the most concerned about the growth rate and the most dissatisfied with local government's management of growth. The residents of the city of San Luis Obispo were the least concerned about the rate of growth and the least dissatisfied with government management.

	North Coast	Salinas River Valley	Five Cities Area	San Luis Obispo	Overall County Response
Concerned With Growth	87%	78%	82%	80%	81%
Satisfied With Local Government	37%	46%	36%	38%	39%
Perceives Growth Rate Too Fast	77%	65%	70%	56%	66%
Willing to Support Growth Initiative	73%	68%	63%	60%	66%

TABLE 3 ***Percentage Growth Concerns by Subarea***

Attitudes About Specific Issues

Most respondents do not feel that traffic congestion is a problem. Some people based their answers on comparisons with the Bay Area, and Los Angles. However, county wide and in each region over 40 percent of the respondents indicated that traffic congestion is a problem. Some respondents named Los Osos Valley Road and the major entrances to San Luis Obispo as problem areas. This response rate of perceived congestion may be an indication of a trend where the county's roads are becoming impacted.

Most of the survey population indicated that it is difficult to find a good job in their respective areas. This was particularly true of the Salinas River Valley. Most respondents indicated that housing costs are too high in their areas. Overall 75 percent of the survey population said housing costs were too high. However, there is a divergence among the general areas in the response rates to this particular question ranging from 51 percent to 66 percent.

	North Coast	Salinas River Valley	Five Cities Area	San Luis Obispo	Overall County Response
Traffic Too Congested	50%	41%	45%	40%	45%
Difficult to Find Good Job	57%	57%	58%	56%	59%
Housing Costs Too High	57%	51%	66%	71%	61%

TABLE 4 ***Specific Issues Satisfaction Rates***

Satisfaction with Public Services

In general, the respondents perceive government services to be good. However, the actual percentages favorably rating government services as good was often low, or the services received mixed reviews. For example in the North Coast area about 40% of the respondents indicated that water quality and water supply were poor.

When the responses are categorized by length of residence some striking differences appear. While all residents are concerned with growth, long term residents who have lived in the county over 12 years, are more likely to be concerned about growth. Respondents who have lived in the county between 12 and 21 years are the least likely to be satisfied with local government's management of growth, the most likely to think the current rate of growth is too fast and are more likely to support a growth control initiative. In contrast, those resident in the county for no more than five years indicated concern about growth less often. These respondents are the most likely to be satisfied with government's management of growth, least likely to think the growth rate is too fast and not as likely to support a growth control initiative.

	Number of Years in the County			
	1-5	6-12	12-21	over 21
Concerned With Growth	81%	77%	86%	81%
Satisfied With Local Government	54%	31%	33%	38%
Perceive Growth Rate Too Fast	61%	69%	81%	57%
Willing to Support Growth Initiative	62%	70%	81%	53%

TABLE 5 ***Length of Residence and Growth Concerns***

The median number of years of residence among respondents was used in order to group the responses by length of residence. The median is the number of years such that half the responses are above and half are below. The median value for this survey was eleven years of residence. Next, the two halves were again evenly divided by two. Thus, the responses were divided into four time periods such that there are an equal number of responses in each.

Table 5 indicates that most respondents are concerned about growth no matter how long they have lived in the county. However, the level of support for growth control initiatives and the perception that the growth rate is too fast increases with the length of residence and then drops significantly for the last group of respondents; those resident in the county over 21 years. This trend appears contrary to the idea of a drawbridge mentality among new residents. Only after being resident in the county for a number of years are relative newcomers indicating increased concern with growth and the willingness to support measures to constrain growth such as the use of growth control initiatives. However, the concern with growth and the willingness to support growth control among residents over 21 years is markedly reduced compared with their shorter-term residence counterparts. This same trend is apparent, though to a lesser extent, in the level of satisfaction with governments' management of growth.

Sources of Information

County wide, the most popular source of information about local issues and events is the newspaper. Television came in second, and radio a distant third. Of interesting note, 10 percent of the respondents said they also attend various public meetings (Board of Supervisors, City Council, etc.). Also, 20 percent said they get news by word-of-mouth from friends and coworkers.

Conclusion

The data from the Public Opinion Survey was carefully revised in order to match the population distribution of San Luis Obispo County's five general areas as closely as possible. Although the survey population was proportionally higher in women and homeowners than the actual county population, the data base provides a good indication of how San Luis Obispo County residents feel about growth and growth related issues.

Many of the respondents feel that growth is beneficial to the community. However, in the opinion of the survey population, the growth rate is too fast and local governments are responsible for controlling it. Most of the respondents are not satisfied with the way local governments are presently managing the county's growth. This indicates that the county residents feel there is room for improvement in governmental policies. At the same time, the public services provided throughout the county are generally rated as good to average.

Most respondents do not feel that traffic congestion is a problem. However, county wide and in each region over 40 percent of the respondents indicated that traffic congestion is a problem. In most people's judgement, it is difficult to find a good job in the areas where they live. Housing costs are perceived as high. None of these observations are surprising, but neither are they unimportant.

While most respondents are concerned about growth, no matter how long they have lived in the county, the level of support for growth control initiatives and the perception that the growth rate is too fast increases with the length of residence. This perception then drops significantly for those resident in the county for over 21 years. To a lesser extent, this same trend is apparent in the level of satisfaction with governments' management of growth. This trend appears contrary to the idea of a drawbridge mentality among new residents.

If local governments wish to implement a public education program to inform county residents of important issues, the newspapers may be the best means of presenting information. Over 90 percent of the respondents to the survey named the newspaper as their source of information about local issues. Television and radio were also named, but far less often.

PART III

THE INFLUENTIALS SURVEY

This section of the report presents an analysis of the data gathered from a telephone survey of influential county residents. These residents include politicians, developers, public officials, private citizens, etc. The purpose of this survey was to ascertain the opinions of these influential county residents on a number of issues relating to growth and growth management. Due to time constraints involved with this process, 36 of the most often mentioned county influentials were interviewed. 13 of them were elected or appointed public office holders. While this sample is smaller than desired, nevertheless it does provide some insights into the attitudes on growth held by these influentials.

Demographic Analysis

Influentials in all parts of the county, but just over half of those surveyed (53%) reside in the San Luis Obispo area. Most of the influentials are in the 40-55 age bracket (56%), while only 14% are under 40 years old and 31% are over 55 years old. The average length of residence in the county for the surveyed influentials is 23 years, with over 83% living in the county longer than 12 years. Of the 36 influential county residents surveyed, 13 hold some type of elected or appointed public office.

General Areas:	Number of Respondents	Percent
#1-North Coast	5	14
#2-Salinas River Valley	5	14
#3-Five Cities	6	17
#4-San Luis Obispo	19	53
#5-Rural Areas	1	3

TABLE 6 ***Residence Location of Influentials Surveyed***

Length of Residence	Number of Respondents	Percent
1-5 years	2	6
6-11 years	4	11
12-21 years	18	50
Over 21 years	12	33

TABLE 7 ***Influential's Length of Residence in County***

General Attitudes on Growth and Related Issues

When influential county residents were asked what is the most crucial issue facing county decision makers, two responses were most common. The issue of growth was mentioned by 64% of the respondents, followed by water, mentioned by 39%. When influentials were questioned about what were the most important qualities contributing to their choice to live in this county, 61% responded that it was the county's rural atmosphere. In addition, the county's clean environment, natural features, good air, and friendly people were also mentioned as factors which contributed to this choice.

The influentials were also surveyed regarding negative aspects of living in San Luis Obispo County. Sixty-nine percent (69%) indicated that among the negative aspects associated with living in this county were a lack of culture, excessive land speculation, and a parochial mentality. It is interesting to note that of the negatives mentioned, specifically a lack of culture and a parochial mentality often change as an area grows and urbanizes. These concerns appeasr to be in direct conflict with the preservation of the county's rural atmosphere which attracts so many people to this area.

An overwhelming majority of those surveyed (83%) indicated that it was difficult to find a good job in the county. Housing costs were also perceived to be too high by 61% of the influentials. Traffic congestion was mentioned as a big concern of this group, too. Downtown San Luis Obispo, Nipomo, and Los Osos Valley Road were the three areas in which traffic congestion was the biggest problem.

The influentials were also asked to rate public services in their area. On the whole, services were rated good by over half of the respondents. The exception to this rating was in the areas of water supply, public parks and public health services where no clear majority was represented.

Public Servic	Good	Average	Poor	No Opinion
Water Quality	(19)53%	(11)31%	(5)14%	(1) 3%
Water Supply	(15)42%	(11)31%	(9)25%	(1) 3%
Sewer Service	(19)53%	(8)22%	(3) 8%	(6)17%
Fire Protection	(25)69%	(8)22%	(3) 8%	none
Police Protection	(27)75%	(5)14%	(4)11%	none
Street Condition	(19)53%	(9)25%	(8) 22%	none
Public Parks	(16)44%	(14)39%	(5)14%	(1) 3%
Libraries	(22)61%	(11)31%	(3) 8%	(1) 3%
Public Schools	(22)61%	(9)25%	(4) 11%	(1) 3%
Pub. Health Serv's.	(14)39%	(14)39%	(4) 11%	(4)11%

*Response Counts and Percentages

TABLE 8 ***Rating of Public Services***

Influential county residents were also asked about the rate of growth in the county. Over half (56%) of these residents responded that the county is growing too fast, with almost 1/3 (31%) indicating the growth rate is just right. Interestingly, with over half of the influentials viewing the growth rate as too fast, 61% responded that growth is still beneficial to their community and only 25% responded that it was not. This suggests that the influentials do not believe that growth should be constrained or stopped. It should be guided and directed in a manner beneficial to their community.

	Number of Responses	Percent
Too Fast	20	56
Too Slow	1	3
Just Right	11	31
No Opinion	4	11

TABLE 9 ***Opinions on the County's Growth Rate***

On the question who should guide and direct growth three-quarters (75%) of the respondents were infavor of the survey question "Should local governments try to control growth?". In addition, specific methods of growth control were mentioned in the survey. Over half (58%) of the influentials favored limiting the number of building permits and 53% favored the downzoning of parcels as a means to control growth. Opposition was found for charging higher fees to developers (53%) and 69% were opposed to using building moratoriums. This suggests that government control of growth is viewed favorably, but governments must be very careful about the growth control methods they choose. The influentials were also asked about their support for a county-wide growth control initiative. The initiative did not gain support from this group, with only 47% expressing a favorable attitude towards an initiative.

Type of Measure	Favor*	Oppose	No Opinion
Limit Bldg Permits	(21)58%	(14)39%	(1) 3%
Limit Water Permits	(16)44%	(16)44%	(4)11%
Higher Develop. Fees	(14)39%	(19)53%	(3) 8%
Downzoning Parcels	(19)53%	(17)47%	none
Building Moratoriums	(10)28%	(25)69%	(1) 3%

* Response counts and percentages

TABLE 10 ***Response toGrowth Control Measures***

When influentials were asked if government was managing growth to their satisfaction, 64% indicated that their local government was not doing a satisfactory job of managing growth, and 67% indicated that the county was not managing growth to their satisfaction either.

The question of where growth should occur was also asked of the influentials. Over 80% believed that growth should occur along the Highway 101 corridor in the north county, in San Luis Obispo, and in the Five-Cities area but it should not occur in the North Coast subarea from Baywood/Los Osos to Cambria. Many of the respondents suggested that growth should only occur where services to accomodate growth are currently available and not allowed in areas where service problems exist.

Location	Yes*	No	Undecided
SALINAS RIVER VALLEY: 101 Corridor	(30)83%	(5) 14%	(1) 3%
NO. COAST: Morro Bay to Cambria	(10)28%	(22)61%	(4)11%
SO. BAY: Los Osos, Baywood	(10)28%	(23)64%	(3) 8%
SAN LUIS OBISPO CITY	(30)83%	(4) 11%	(2) 6%
FIVE CITIES AREA	(29)81%	(5) 14%	(2) 6%
NIPOMO MESA	(20)56%	(15)42%	(1) 3%

*Response counts and percentages

TABLE 11 ***Opinions on Where Growth Should Occur***

The issue of growth was also presented in the form of suggesting possible future developments within the county. Around 60% of the influentials favored expansion of the Paso Robles airport and bringing state water into the county; with 78% favoring construction of a sewer system in the Los Osos area. Future developments which were opposed included the development of off-shore oil (75%), the central coast harbor (58%), and the Santa Margarita ranch (56%) (see Table 8).

Possible Development	Favor*	Oppose	Undecided
Expanding Paso Robles Airport	(22) 61%	(4) 11%	(10) 28%
Dev. the Central Coast Harbor	(10) 28%	(21) 58%	(5) 14%
Santa Margarita Ranch Dev.	(9) 25%	(20) 56%	(7) 19%
Water from State Water Project	(21) 58%	(10) 28%	(5) 14%
Sewer Construction in Los Osos	(28) 78%	(7) 19%	(1) 3%
Off-Shore Oil Development	(6) 17%	(27) 75%	(3) 8%

* Response counts and percentages

TABLE 12 ***Response Regarding Possible Future Developments***

Response Comparisons

When the data is analysed comparing factors such as length of residence in the county, support for an initiative, satisfaction with government, rate of growth, etc., some interesting findings are revealed. Growth was mentioned as the most crucial issue in the county by 2/3 of the respondents who have lived in the county between 12-21 years. While water was mentioned as the most crucial issue by 2/3 of the respondents who have lived in the county more than 21 years.

Of the influentials who have lived in the county over 21 years, the largest portion (42%) believed the growth rate was just right. In contrast, of the influentials who have lived in the county less than 21 years, 71% believed the growth rate was too fast. This suggests that the younger influentials are concerned about the pressures of growth more than the older ones.

All 20 of the influentials who believed the county's growth rate was too fast, also indicated that local governments should try to control growth. Fifty-five percent (55%) of those who believed the growth rate was just right expressed opposition to the government's control of growth. Of the group which believed growth is occurring too rapidly, 75% would support a growth control initiative. As for the group which believed the rate of growth is just right, 73% would not support an initiative of this type.

Interestingly, the group which believed the growth rate was too fast was slightly opposed to bring state water to the county (45% against versus 35% for), while the group believing the growth rate was just right being highly in favor of bringing state water into the county. This suggests that there is almost 2 to 1 support for bringing state water into the county, yet there is almost a 2 to 1 belief that the county is growing to fast. The link between growth and water availability is apparently not clearly seen.

A general dissatisfaction with the government's response to managing growth was discovered by this survey. Three-fourths (3/4) of the group that has lived in the county over 21 years expressed dissatisfaction with their area government's management of growth. While 83% of the group that has lived in the county between 12-21 years expressed dissatisfaction with the county government's management of growth. The group that believed the growth rate was too fast expressed dissatisfaction with their local government (65%) and strong dissatisfaction with the county government (90%). The group believing the growth rate was just right was fairly divided over their support for local and county government (localgovernment: 55% dissatisfied, 45% satisfied; county government: 45% dissatisfied, 55% satisfied). This suggests that the people who believe the growth rate is too fast are more inclined to blame the county government for failing to manage growth well.

Two thirds of the influentials who have lived in the county between 12-21 years favor the adoption of a county-wide growth initiative. But, an equal two thirds of those who have resided in the county over 21 years were not in favor of an initiative. Looking into initiative support further, 92% of those who strongly agreed that governments should try to control growth were in favor of a growth control initiative, but, surprisingly, 57% of those who agreed that governments should try to control growth were not in favor of a growth control initiative. This helps to identify where the split over the adoption of a growth control initiative is occurring. Both the longer-term influentials and those who agreed that government should try to control growth were generally opposed to an initiative.

Conclusion

While some of the issues which are favored would allow additional growth to occur in their area or in the county, it is interesting to note that over half of the influentials believe that the county is growing too fast. This helps to point out the conflict between growth management in general and the need to look at the effects individual projects will have on growth. If people were totally against growth in the county, opposition for many of these growth generating projects would have more support. But, the paradox of wanting to have many of the features associated with urbanization without having urbanization is the real issue surfacing in this county. It seems apparent from the responses submitted by the influentials that they do not feel that the private market will be able to provide these features without encouraging urbanization. It is because of this that government must step in, not to stop growth, but to direct it in a way that preserves the natural features of the county while allowing the new development in areas that are able to accomodate it.

PART IV

COMPARING THE SURVEYS

Introduction

The final section of this report is a comparsion of the two surveys. The comparison may identify issues on which the public and the decisonmakers are divided. This reveals potential problem areas on which both parties ought to find some common ground and work together to arrive at satisfactory solutions. In this section of the report the rationale for comparing the public and influential surveys is first presented. Second, the methodology used in making the comparison is described. This part will conclude with a discussion of what the surveys indicate as the most critical growth related issues in San Luis Obispo County currently are in the views of the public and the decisionmakers.

Rationale for Comparison

The issue of growth and how it is managed is one of controversy, due to the conflict of ideals and expectations (goals) that can exist between the best interests of two groups: 1) the general public, and, 2) the politicians, the elected officials, the developers and the county and city administrators. Perhaps the opposing needs of both groups generates much of this conflict. The general public tends to be concerned with their personal quality-of-life and well being, while developers, politicians and administrators are concerned mainly with efficiency. Thus, the general public will view an issue in the context of their personal needs, a somewhat ' limited ' picture. The developers and public officials tend to view the issue in the context of the ' bigger ' picture, aware of the complex interrelationships of agencies, regulation and special interests involved in taking action on the issue. Conflict errupts when both groups neglect the context from which the other sides view is based.

By comparing the results of the *Public Opinion Survey* and the *Influentials Survey,* issues that may or may not generate controversy can be identified. Establishing this kind of information at the outset becomes of value for the development of growth management policies because it can reduce conflict and allow for balancing of interests between various groups and localities.

Method of Comparison

The method used was simply to analyze systematically the information presented in the two previous sections. As mentioned in the opening segment of this report, similar questionarres were administered to both groups. Responses to like questions were compared and their results analyzed. What follows is a description of responses to growth related issues on which the general population sample and the influentials agreed or disagreed. It should be noted here that responses from 168 residents of the county were compared to 31 responses from the identified influentials. The ultimate purpose of both surveys was to obtain general attitudes and opinions from these two groups of respondents.

About 80 percent of the general population sample listed growth as a major concern compared to 64 percent of the influentials who said this was the most crucial issue facing county decisions makers. When asked their perception of the current growth rate, both groups listed TOO FAST as the majority answer. The general population aired this concern slightly more, on a percentage basis, then did the influentials.

No matter what their length of residence in San Luis Obispo county, both groups were dissatisfied with the way growth is being managed in their area. The frequency of this response was also fairly even between both groups. These responses, when matched against the perception that the county is growing too fast, may indicate that this county is experiencing poorly managed growth. This does not suggest, that because both groups are of this opinion, that the citizens of this county are suffering from inadequate public services. On the contrary, when both groups were asked the identical question of rating some nine government supplied services, not one received POOR rating. However, the influentials were more concerned with water supply then the general population, as indicated by 25 percent of them giving this service a poor rating compared to 12 percent from the general population. All other services were given similar ratings by both groups.

In terms of managing or controlling growth through the ballot box, the general population favored this method much more than the influentials. When asked if they would support a growth initiative, should one appear on the ballot, 66 percent of the general population said they would support it while 47 percent of the influentials gave the same response. In fact, 42 percent of the influentials indicated that they would oppose it.

While, for the most part, both groups agree that growth is an issue of utmost importance, it is also seen as being beneficial to their communities. This may suggest, that a management plan for growth is sought by the general population and influentials alike. It appears that a plan controlling growth while reaping the economic benefits associated with growth is viewed as the best case scenario.A

Conclusions

The following represents some general conclusions of what both groups gave as responses to growth management and growth related issues:

1. Both groups are concerned about growth in San Luis Obispo county.

2. Both groups are of the opinion that government is not handling the issue of growth to their satisfaction, but both groups agree that government should play a role in growth management in this county.

3. Both groups are of the opinion that this county is growing TOO FAST.

4. Both groups indicated more support than opposition to a growth initiative with the influencial's split for/against being five percentage points.

5. Both groups agree that growth is beneficial to their community.

6. Both groups appear fairly content with the provision of government supplied services with the influentials being more concerned about water supply than the general public.

7. Both groups agree that there are isolated areas of where traffic congestion is a problem.

8. Both groups agree that suitable employment is hard to obtain in this county.

This report was prepared as part of the requirements in course CRP 554, Advanced Planning Laboratory, Winter quarter, 1988, of the Master of City and Regional Planning program of California Polytechnic State University, San Luis Obispo. It is the work of ten graduate students who designed the survey questionnaire, administered the survey, compiled and reported the findings. The instructor in the course was Professor Leo Jakobson. The students were Allison Donatello, Patti Hopkins, Ray Hussey, Elizabeth McAuliffe, Heather McMillan, Tina Metzger, Patrick Quinn, Gary Rudholm, Michael Tunnell and Lester Varga.

PUBLIC OPINION SURVEY
Technical Appendix

Table A-1
Comparison of Distribution of Original Survey Respondents
With County Population Distribution

General Areas	Number of Respondents	Percent of Total	Actual Percent of County Population*
North Coast	59	25	17
Salinas River Valley	58	25	21
Five Cities	44	19	28
San Luis Obispo	55	24	26
Rural County Areas	18	8	7

*Source: SLO County Planning Department, 1987. Figures are effective, 1985.

Table A-2
Rating of Government Services By Region

		North Coast	Salinas River Valley	Five Cities Area	City of San Luis Obispo	County Wide
Water Quality	GOOD	30	49	27	56	40
	AVE.	37	24	20	36	29
	POOR	33	22	50	8	29
Water Supply	GOOD	33	65	68	51	56
	AVE.	33	19	30	38	29
	POOR	33	8	2	11	12
Sewer	GOOD	33	43	64	60	50
	AVE.	27	27	27	22	25
	POOR	23	11	2	2	8
Fire Protection	GOOD	67	70	67	82	71
	AVE.	23	27	27	11	20
	POOR	3	0	2	2	5
Police Protection	GOOD	40	54	68	86	62
	AVE.	47	19	25	9	24
	POOR	10	24	7	2	12
Street Conditions	GOOD	10	30	18	49	27
	AVE.	63	35	52	36	46
	POOR	23	27	30	13	23

Table A-2, continued

		North Coast	Salinas River Valley	Five Cities Area	City of San Luis Obispo	County Wide
Parks	GOOD	57	49	63	51	52
	AVE.	27	27	26	36	29
	POOR	10	8	9	11	12
Libraries	GOOD	57	32	72	43	48
	AVE.	33	37	21	34	32
	POOR	7	19	5	13	13
Public Health	GOOD	37	35	42	51	40
	AVE.	30	32	35	24	31
	POOR	7	11	7	16	11

Note: Figures are percent of responses for each category. They do not all add up to 100 because some respondents answered "No Opinion."

Table A-3
Percent Response Rates
Local Information Sources

	North Coast	Salinas River Valley	Five Cities Area	City of San Luis Obispo	County Wide
Newspapers	93	95	93	93	94
Television	47	55	51	66	53
Radio	17	32	30	33	28
Friends	13	20	18	33	21
Mail	0	8	3	0	3
Public Meetings	10	12	13	0	8

Table A-4

Correlation Table of Key Variables
Based on County Wide Responses

Concerned	X				
Growth Rate	* * *	X			
Govt. Responsibility	*		X		
Growth Initiative	*	* * *	*	X	
Govt. Mgmt.		* *		*	X
	Conc.	**Rate**	**Resp.**	**Initi.**	**Mgmt.**

Notes: Blank = **Not Correlated**

* = **Moderately Correlated** ($p>1x10^{-4}$)

* * = **Correlated** ($p=1x10^{-4}$; Chi. Sq. >20, and <40)

* * * = **Highly Correlated** ($p=1x10^{-4}$; Chi. Sq. >50)

APPENDIX C

Background Material on Transfer of Development Rights and Affordable Housing

1. Glickman, "Planning Strategies To Prevent Or Mitigate Wipeout Challenges." October, 1987.

2. San Francisco Examiner, "Farmers Back Land Conversion Bill," February 12, 1989.

3. California Association of Realtors, "Policies To Promote Decent and Affordable Housing For All Californians," October, 1988.

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PLANNING STRATEGIES TO PREVENT OR MITIGATE WIPEOUT CHALLENGES

by

Madelyn Glickfeld, President, MJG Inc.

for

The Fifth Annual Donald G. Hagman Commemorative Program

Wipeouts and Their Mitigation:
The Changing Context for Land Use and Environmental Law

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I. INTRODUCTION

This paper will examine land use planning approaches that are consciously designed to avoid regulatory takings and associated litigation, either by defining acceptable uses for property with severe building limitations and/or by providing some level of compensation to landowners subject to harsh land use regulation. The former is best approached through the comprehensive planning framework. The latter has been approached through some technical tools, including the transfer of

development rights or credits, in lieu fee programs and indirectly, through government acquisition programs.

The operational requirements of these various approaches will be examined, emphasizing those circumstances in which they work most effectively, and circumstances in which they don't work at all.

It is important to note at the outset that, this presentation, as with any critical analysis, is colored with the perspective, biases and limitations of the author's expertise. Two of these biases are particularity important to understand.

First, I am a planner, not an attorney. However, I am concerned that some of the planning approaches that have been used to prevent takings problems in the past may in themselves be subject to such problems under recent court decisions if used improperly.[1] It is beyond the scope of this presentation to comment definitively on the future legality of various approaches, but future practitioners will need to insure that any burdens, for instance, placed on landowners meets the "nexus" test of Nollan and meets the yet to be established time requirements of First Evangelical so as to avoid a temporary

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[1] See, for example, First English Evangelical Lutheran Church of Glendale v. County of Los Angeles, 96 L. ED. 2d 250 (1987) and Nollan v California Coastal Commission, 97L. Ed. 2d 677 (1987).

taking. This kind of legal evaluation must be made on a case by case basis. Rather than concentrate on legal issues, this paper focusses on the practical and operational limitations and advantages of various approaches.

Second, this paper is based on the experience gained through my consulting planning practice in California and that practice is not typical, if there is any such thing. Most planners deal mainly with situations where there may be a diminution in value caused by some land use restriction, but there is some level of development allowed on the parcel. Those are the planners who now will be trying, like good policemen[2], to guess where the constitutional taking line will be drawn.

My practice in California focusses on ways to solve land use problems where ownerships are typically very fragmented, where parcel patterns are often completely unrelated to buildability or infrastructure availability, and where either significant building hazards or environmental resources, or both exist.

In many of the problem areas where I have been involved, decisions made within the normal development review process, on a site by site, permit by permit basis would either result in total

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[2] Justice Brennan stated his opinion in San Diego Gas and Electric, 450 U.S. 621 (1981) that planners should be as responsible for following the Constitution as policemen -- editor, is the footnote necessary?

or substantial denial of all use of individual parcels, or in the alternative, development that is inconsistent with reasonable and necessary land use regulation. Public agencies ask me to develop alternative approaches where application of a traditional parcel by parcel development review process would result in a "all development or no development" outcome. Therefore, it is important to note that my experience, and my perspective comes from involvement in an array of land use control problems which are more extreme than that which confronts the typical planner, and situations where insuring that regulation does not constitute a taking begin at the onset of the planning process.

II. The Comprehensive Planning Framework

The best way to identify potential regulatory takings and develop an array of approaches to deal with them, is to do so within the local government comprehensive planning process.

A. The Need to Incorporate Land Ownership and Sales Data Into the Comprehensive Planning Process

Comprehensive planning today is usually based on a vast array of detailed data about the physical characteristics of land, growth in population and jobs, projected development requirements and infrastructure improvements. However, in many cases, land use decisions are made at the comprehensive plan stage without any recognition of the implications of ownership patterns. Many plans simply do not recognize the importance of understanding ownership patterns, but seem to presume that all vacant land is unsubdivided raw land in unitary ownership. Therefore, broad policy as to use of land is sometimes made within the comprehensive plan based on physical capacity of the land, infrastructure capacity and other factors, but without taking into account the relationship between allowable uses and building standards on one hand, and preexisting legal subdivisions, fragmented ownerships within legal subdivisions and illegal subdivision activity on the other hand. Lack of a match between a land use planning designation and the ownership pattern can leave individual landowners without a reasonable economic use of their particular parcel, although the plan may provide uses for property in the general area.

Sometimes, not always, the local agency creates a major land use planning conflict without knowing about it, simply for lack of knowledge of ownership and sales patterns. Other times, the local agency is aware of a potential conflict but chooses not to address it within the comprehensive plan. Still other times, events outside the control of the local agency can create a conflict after the comprehensive plan is completed, as in the example below.

In San Luis Obispo County, several adjacent paper[3] subdivisions were created on hilly rangeland inland of Route 1 in the early 1920's, consisting of 6000, 3500 square foot lots called the Morro Rockview and Morro Strand Subdivisions. Landowners in all the subdivisions defaulted on taxes, and the property was conveyed in its entirety to the State. All the planning done by the County for this area assumed that the subdivision, although legal, would stay in unitary ownership, and so the general area was designated for between 20 and 320 acres per housing unit. During the 1970's, all the lots were purchased at tax sale by a single owner. The owner, over the objections of the local government, was able to secure approval of the Department of Real Estate for the individual marketing of the lots. The County pointed out that these lots were outside the urban services area, and that there was no water availability and no sewer capacity to accommodate dense development at that location, that the site was fraught with geologic hazards, improvement of roads would be prohibitively expensive and that these lots had been long designated for rural use at 20 -320 acres per housing unit. The Department of Real Estate granted approval for sale of the lots as a speculative investment, and required that the DRE Report inform buyers that the lots were

[3]Paper subdivisions are those recorded without improvement of any offsite or onsite improvements such as waste disposal, roads, or water facilities.

unbuildable.[4]

At the present time, these 6000 lots are owned by 1200-1300 separate owners. Despite the official Department of Real Estate Report, many purchased lots for building homes[5]. They have now formed an association for the purpose of changing the comprehensive plan to allow building on individual lots.

This situation illustrates clearly the impact of ownership patterns on land use planning, and difficulties that arise when established land use policy conflicts with the ownership pattern. Clearly, a land use policy which gives 1200 -1300 landowners no use of their individual properties, despite the warnings of the DRE report, is a difficult policy to implement, from a legal and from a political standpoint. Clearly, information about the ownerships will need to be evaluated in considering any major change in land use policy in this area.

Ideally, local agencies need to incorporate parcelization, land ownership and sales activity data into the ongoing comprehensive planning process. Then there will be a clearer picture of the fit of planning criteria, land use policies and

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[4] California Department of Real Estate, Final Subdivision Public Report, Morro Strand Units 1,2,3 and 4, San Luis Obispo County, 1975

[5] O'Sullivan, Patrick, "MB View buyer charges illegal sale of lot", The Sun Bulletin, Morro Bay, Ca., October 29, 1980

land use designations with ownership patterns. The term "ideal ly" is used here because government planning funds are so limited, particularly here in California in the Post-Proposition 13 era, that few local agencies think that they have the resources to develop and maintain an sophisticated parcelization and ownership data base to use in their normal planning activities.

B. The Need to Identify Harsh Regulation and Its Effects at the Comprehensive Plan Stage.

There are several reasons why consciously building alternative solutions for potential regulatory takings into the comprehensive plan is better than trying to tack them on to the comprehensive plan after the basic areawide development and infrastructure decisions have been made. First, areawide capacity issues can be better addressed. Second, flexibility at the comprehensive planning stage, when many decisions are not yet locked in, makes it more possible to devise strategies to share the burden of harsh regulation among those who specially and generally benefit from the regulation.

Third, it is easier to lay the groundwork to improve the match between parcelization pattern and land use regulations within the comprehensive plan. If ownership and parcel data are systematically incorporated into comprehensive land use planning, then the local agency can consciously assess the alternatives for addressing ownership configurations which potentially conflict with regulatory policy. These alternatives run the spectrum from wholesale grandfathering of nonconforming parcels to full application of regulation, and are discussed below.

Fourth, it is necessary, at least in California[6], to set the stage for implementing recommended changes in subdivision and other regulation within the comprehensive plan. For instance, where state law authorizes, this can include provisions to merge substandard lots, or to require resubdivision. Or, comprehensive plan policies can direct that tools for dealing with illegal subdivision be strengthened and implemented. Alternatively, the comprehensive plan can focus on providing greater disclosure of development limitations upon sale of certain types of property.

Finally, the comprehensive plan should provide an opportunity for the local agency to identify areas where regulation by itself is inadequate to solve the problem, or places too much burden or limitation on individual landowners, indicating that other technical assistance or acquisition strategies should be pursued.

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[6] In California, subdivision regulation must be consistent with the General Plan (Cal. Gov. Code Section 66473.5) as must zoning (Cal. Gov. Code Section 65860), building permits (Cal. Gov. Code Section 65567), public works projects (Cal. Gov. Code Section 65401), and real property acquisitions (Cal. Gov. Code Section 65402).

All of the actions described here require budget, either for staff outlay or for capital expenditures. The comprehensive plan is a good document to use to compile all the actions and financial support that a local agency will need to evaluate, implement and mitigate the impacts of regulation that conflicts with ownership patterns or provides very limited opportunity for use.

C. Alternative Local Agency Responses to Harsh Regulation

1. Wholesale Grandfathering

The most typical conscious decision that local government makes when parcels don't conform to land use plan designations is to grandfather them, either formally or by matter of convention. This means that development permits on such parcels are processed under the rules in effect at the time of their creation, or at least prior to changes in regulation which would severely limit the use of property. Usually, the parcel is subject to basic requirements such as adequate road access, potable water and adequate waste disposal. This means that issues of more recent concern, such as agricultural land preservation, wetlands, watershed or habitat preservation, caps on development to meet limited major highway, sewer or water capacity, and other "cumulative impact" issues are not addressed. Often, the judgement to grandfather nonconforming parcels is made without a concerted effort to look at its implications in terms of these broader issues.

Suppose, for example, that a local government wants to control the density of development to match limited water availability and to preserve watershed, but wants to grandfather preexisting parcels of a certain size. Before making that decision, the local government needs to know whether such parcels are few and scattered, or whether such parcels are so preponderant that grandfathering makes it impossible to stay within the limits of available water, and will result in watershed destruction. If they are few and scattered, then grandfathering makes sense. If they are not, then grandfathering does not make sense, or the original policy of controlling density to control water use and protect watershed needs to be rethought.

In general, if the grandfathering of pre-existing parcels will still allow basic planning goals to be met and would prevent singling out certain landowners for exceptionally harsh regulation, then the local agency ought to proceed with grandfathering. However, if grandfathering pre-existing parcels means that a necessary land use regulation will not be effectively applied at all, or applied in a very discriminatory way, then grandfathering should be eliminated or limited.

2. Selective Grandfathering

Analyzing ownership patterns against a potential harsh regulation provides the opportunity to focus in on the real problem areas and grandfather those nonconforming lots where regulation is least necessary.

For instance, the community of Cambria, San Luis Obispo County, consists of thousands of very small lots on very steep hillsides, where hillsides are highly erodible and are the habitat for the Cambria Pine, a rare species of Monterey Pine. The commercial area at the base of the subdivisions has a healthy, tourist oriented economy, and the community is surrounded by long term agricultural uses. Agriculture and all the development compete for very limited water resources.

The comprehensive plan for this area looked at development and ownership patterns in all of the subdivisions. Through the planning process, the County recognized that full development of the subdivisions would create serious habitat and erosion problems, and would jeopardize water resources for agricultural uses and for commercial development that could create a balanced economy in the community. However, rather than trying to stringently regulate development in all hillside subdivisions, the County advocated a policy of infill in the subdivisions that were predominantly developed and concentrated its efforts to preserve watershed and Cambria Pine habitat in the largely undeveloped, steepest sloped Lodge Hill subdivision.[7] Even there, recognizing the fragmented ownerships pattern, the County provided some minimum use of all ownerships and has worked with the State Coastal Conservancy and the San Luis Obispo Land Conservancy to use acquisition strategies to "restore" the subdivision to regulatory standards and assist landowners who do not wish to develop onsite within the basic regulatory framework in participating in a transfer of development credits program.[8]

3. Full Application of Regulation

Sometimes an important policy objective cannot be attained without full application of regulation to nonconforming lots. Even then, when the effects of regulation are harsh, the government must do more than simply regulate, as shown in the Lake Tahoe situation.

Planning for Lake Tahoe by the bistate Tahoe Regional Planning Agency (TRPA) has been fraught with controversy and litigation. The focus of planning efforts have been to reduce

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[7]County of San Luis Obispo, North Coast Local Coastal Plan, 1986

[8]San Luis Obispo Land Conservancy, MJG Inc. and Natelson, Levander and Whitney, Cambria/Lodge Hill Restoration Program, July 1985, adopted as policy by the County of San Luis Obispo, December 1985, adopted and funded by State Coastal Conservancy, August, 1986.

erosion and pollution that have been affecting the clarity of Lake Tahoe, a nationally recognized biological and scenic resource. The fate of approximately 16,000 pre-existing undeveloped parcels, owned by several thousand landowners, has been at the heart of that controversy.

Serious settlement negotiations ensued following a 1985 Ninth Circuit Court decision to uphold a preliminary injunction for a moratorium on all development in the Lake Tahoe Basin, pending a trial on the California challenge to a 1984 plan adopted by TRPA.[9]

This settlement process resulted in the TRPA adoption of a new Regional Plan in May 1987. The settlement and the new plan were approved by the U.S. District Court, and the three year old People of California v.TRPA lawsuit was dismissed on July 15, 1987.

While the new plan still applies strict new regulation to all of 16,000 lots, there are several provisions which ameliorate the harsh effects of regulation. These include field inspection and scientific ranking of the buildability of parcels by TRPA staff, establishment of allocation systems for building permits

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[9] People of California v. TRPA, 766 F.2d 1308 (1985); 766 F.2d 1316 (1985); and 766 F.2d 1319 (1985); See also Taylor, N. Gregory, "Update on the Lake Tahoe Situation " for the ALI-ABA Course of Study Land Use Institute, FAU/FIU Joint Center for Environmental and Urban Problems, August 19-21, 1987

and provisions for owners of sensitive lots to transfer or sell their allocations to someone with a less sensitive lot. As the more buildable lots are built out, the allocation system makes the next lower ranked lots eligible for a building permit. Thus, lots which are unbuildable in the present may be buildable in the future. In addition, there are independent state and federal acquisition programs that specifically target purchase of sensitive lots in Lake Tahoe, providing an alternative to the regulatory system for some landowners.[10]

III. A Closer Look at the Practical and Operational Requirements of Current Tools For Ameliorating the Effects of Harsh Regulation

A. Transfer of Development Rights or Credits

Transfer of development rights (TDR) or transfer of development credits (TDC) are both based upon the notion of landownership as a bundle of rights that can be moved from one location to another. The differences between TDRs and TDCs are philosophical rather than substantive; the former presumes that there are some inherent rights to development associated with landownership; the latter presumes that development is not a right but a privilege that government can convey to land. In

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[10] Taylor, N. Gregory, "Update on the Lake Tahoe Situation " for the ALI-ABA Course of Study Land Use Institute, FAU/FIU Joint Center for Environmental and Urban Problems, August 19-21, 1987

either case, the ability to transfer development rights or credits is based upon the action of government, exercising the same police power that allows traditional zoning. Private landowners can only buy and sell development rights or credits if the government agency with land use control authority recognizes that rights or credits exist and provides approval of the transfer.

There is debate as to the need for specific statutory authority for TDRs, and challenges to their validity. Some commentators argue cogently that TDRs are simply an extension of the police power and thus automatically enabled by state law.[11] Indeed, the many TDR/TDC ordinances adopted by local agencies in California are based upon this presumption, since California law does not explicitly authorize their use by local agencies. Viewed merely as an extension of the police power, TDR does not involve compensation for a restriction on a particular parcel but the "relocation" of development which would be conferred on the sending parcel but for a purpose that is related to the public health, welfare, safety or peace.

An opposite point of view is taken by the Arizona Supreme Court. In the Corrigan case, the court opined that TDRs or TDCs

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[11] Supporting TDRs as a logical extension of the police power see: Remelmeyer, Stanley, Transfer of Development Rights, Presented at the 1983 Annual Conference, League of California Cities, San Francisco, California.

are not valid police power regulation because they involve compensation to the sending lot owner.[12] In this case, the Arizona Supreme Court clearly reflects the sharpest division of thought about regulation and compensation in this country--either property is regulated so that there is reasonable use of the property itself, or it is purchased through eminent domain proceedings at full market value prior to the regulation. The Arizona Court's view leaves no room for mitigation of harsh regulation through partial compensatory mechanisms.

Interest in TDRs is very broad[13]. A recent Planning Advisory Service publication identifies about thirty-five programs nationwide. In California alone, there are many other programs which have been adopted by local agencies which are not identified in that publication.

Purposes of TDR programs are varied: agricultural preservation, historic preservation, hillside preservation, and restoration of antiquated subdivisions.

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[12] Corrigan v. City of Scottsdale, 149 Ariz. 553 (App)at page 563 "The City claims this action is a legitimate exercise of police power and yet it attempts a form of compensation by way of transfer of density credits. If this were a valid exercise of the police power there would be no need for any form of compensation."

[13] See e.g.Roddewig and Ingraham, Transferable Development Rights Programs, Planning Advisory Service Report No. 401, American Planning Association, Chicago, Il. May 1987,

out the same few landowners of large quantities of sending land. Realizing the sudden demand for sending site land that had been attractive mainly to marginal speculators, and the value of the receiving site projects, these few large sending site landowners held out until the value of their land had increased by a factor of more than 900%. These high prices caused this program to be highly controversial, and caused many receiving site owners to walk away from their projects rather than participate in the program. In the last nine years, active participation of realtors, a private non profit and the State Coastal Conservancy in purchasing and banking TDCs have reduced and stabilized prices from the 1979 high of $37,500 per subdivision right to between $15,000 and $17,500. At last count, over 400 subdivided lots had been retired through the program, although it remains controversial and is opposed by the local agency, Los Angeles County.

Exhibit F shows the way in which a variety of types of buyers and sellers in the market can provide choice to sending lot owners, and establish a stable market where transaction costs are minimized.

(b) An Exchange Rate that Takes into Account Economic and Planning Criteria

The exchange rate between development rights or credits on the sending site and allowed development on the receiving site must both meet the "net benefit" test discussed above and be responsive to economic values and conditions. It must be based on the economic values of development on the sending parcel and the marginal value of the added development on the receiving parcel. It must take into account the economic market for different types and densities of development and the ability of the market to absorb different types of development over time. If the exchange rate is not established with full understanding of the economic values of the sending and receiving sites, the value of the transferred development and market absorption rates, transfers are unlikely to occur. Landowners in receiving areas are not going to purchase development rights for more intense development if the market for that type of development is weaker than the less dense development. Landowners in sending areas are not going to sell development rights if using them on the site, or simply waiting for harsh regulation to expire is likely to produce a higher economic return.

There are several ways to analyze the economic viability of TDR/TDC projects. Roddewig and Inghram, in their PAS Report[14] analyze the viability of TDR programs by comparing the costs and profits of development on receiver sites at different densities, to determine what the developer would pay for TDRs. Exhibit G

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[14] Roddewig and Inghram, Transferable Development Rights Programs, Planning Advisory Service Report Number 401, May 1987 at page 22.

shows another approach to determining the economic price of TDC that both the seller and the buyer could agree upon. It measures the price that developers might be willing to pay for TDR/TDCs based on the price that developers would have to pay for additional land for an additional unit without the TDR/TDC program.

The former method is weak in that it does not take into account the value of land in the general area for different kinds of uses and the developer's options for acquiring land instead of TDR/TDCs, and does not determine the price that senders must have to part with their development rights. The latter method is weak in that it does not thoroughly analyze the differential costs of development at different densities and does not systematically build developer profit into the analysis. Some merging of the two methods would probably develop a more realistic analysis.

An exchange rate that meets all of the criteria above is very hard to achieve, particularly when basic land use and infrastructure decisions have been made in the comprehensive planning process in advance of considering a TDR/TDC program.

(c) Providing Base Development Rights in both the Sending and Receiving Areas

Mandatory TDR/TDC programs are those programs that (1) only associations in the adjoining neighborhoods participated in developing the plan and supported the TDR concept. However, by the time the plan reached the Planning Commission, individual homeowners expressed so much concern that the Planning Commission dropped the concept.

Participatory planning must improve and be done during the ordinance approval process and projects carefully designed so that adjacent residents perceive benefits, otherwise neighborhood opposition will eliminate the best intended program.

(e) Educational Programs

As pointed out above, considerable education accompany the approval of any TDR/TDC program. People generally find the concept hard to grasp and even if interested, don't know how to begin a transaction. Education should not end with approval of the program, but become a more concerted effort.

Two educational tools have proved effective in encouraging people to learn about, understand and participate in TDR/TDC programs. One of the more well known successful programs is the TDR program in Montgomery County, Maryland, designed to preserve agricultural land. The Maryland-National Capital Park and Planning Commission, with planning jurisdiction over Montgomery County, realized that its detailed plan and ordinances, written to make the program function correctly from a technical standpoint, and meet legal standards, was not a good document to present to landowners and developers to help them understand how to operate the program. As a result, they decided to produce a brochure that outlined the steps that had to be taken in order to purchase or sell TDRs under the Montgomery County Program. The brochure, written in simple English, not "plannese", also provided answers to the most common questions asked by landowners and developers about the program. The brochure has been an effective way for the County to promote interest, understanding and participation in the program.

In the Cambria/Lodge Hill program, another approach was taken that also improved understanding and participation in the program. Prior to adopting the Restoration Plan[16], the San Luis Obispo Land Conservancy sent out a letter and questionnaire to all 3526 landowners in the Lodge Hill subdivision. They explained the problems that existed in the subdivision and told landowners that they were thinking of participating to help the County TDR program work. They asked the landowners to tell them about their ownerships and their expectations and desires for their land. They explained how the TDR program would work and asked landowners if they were interested in participating with the Land Conservancy. Responses to the questionnaire were good, with 937 or nearly 27% of all landowners responding to the

[16] Id at note 8

questionnaire and another 321 landowners wanting more information about the Cambria/Lodge Hill Restoration Program as it progressed. Recognition of the need to solve the subdivision's problems was high. The questionnaire proved, overall to be a very positive first contact between the Land Conservancy, and was influential in the specific design of the program. Furthermore, many of the first purchasers and sellers of TDCs were identified through the questionnaire.

In addition, the Land Conservancy and the County made a concerted effort to integrate the TDR program into the normal land sales market by encouraging realtors to participate in the program. A workshop was held in Cambria to explain the program to local realtors and explain how the Land Conservancy could work cooperatively with the realtors in finding TDR transactions.

Both of these educational efforts account for a very successful first year of operation for the Cambria/Lodge Hill TDC program.

(f) Initial Public Funding

As noted several times above, the least difficult part of developing a TDR/TDC program is adopting an ordinance. The most difficult part is getting those first landowners to step forward to do the first transaction, to be the test case in establishing a market. In my experience, it is typical that a sending lot owner may be interested but unable to find an interested receiving lot owner. Or there may be a receiving lot owner, but no sender. After watching several programs struggle with this start-up problem, some taking years to develop a first transaction, I have concluded that public seed money to purchase the first few TDCs and create the market is extremely helpful in getting the program started.

That is exactly what the California Coastal Conservancy did in the Cambria/Lodge Hill Program. It granted $200,000 to the San Luis Obispo Land Conservancy to purchase the first lots and establish a TDC bank in August of 1986. Using the contacts made through its questionnaire and the realtor workshops, the majority of those funds have been encumbered. They have purchased 16 parcels of land and are in escrow for an additional five parcels. THey have taken deposits from 30 buyers of TDCs and fully expect to fill those purchases. After sale of TDCs, the underlying lots will either be consolidated into new, larger building sites or sold as yards to adjacent owners. Funds received from sale of the TDCs will be used for a new cycle of acquisitions. This healthy market would have taken considerably longer to establish without the initial funding provided by the State.[17]

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[17]Conversation with John Ashbaugh, San Luis Obispo Land Conservancy, October, 1987

E. Government Acquisition Programs

1. The Federal Government

Government land acquisition programs have rarely been overtly designed to mitigate the harsh effects of regulation. Federal acquisition programs have been organized around the protection of lands, not landowners, in establishment of National Parks, National Monuments, National Scenic Areas and National Recreation Areas. A decade ago, the Land and Water Conservation Fund was a major source of funding for this purpose, and for the purpose of making grants to local government for their own land purchases. Funding of this type has nearly vanished in the Reagan Administration.

The only relatively recent act of Congress that I have identified which seems to be oriented to compensate landowners as well as acquire environmentally sensitive land is the Burton-Santini Act[19], passed in the last days of the Carter Administration, providing authorization and funding for the National Forest Service to purchase full or partial interests in land in the Lake Tahoe Basin. Under that act, the National Forest Service was willing, to consider particular hardships suffered by landowners as a result of regulation in setting their

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[19] P.L. 96-586, December 23, 1980

acquisition priorities.

Perhaps, in the post Nollan, First Evangelical era, it is time for Congress to consider establishing a fund for making grants to local government that want to partially compensate landowners for necessary but harsh regulation, thus avoiding costly and time consuming regulatory taking litigation. Such legislation would probably be considered out of step with the deficit cutting, domestic cost cutting orientation of Congress and the President. However, it is a reasonable answer to the current dilemma of providing reasonable use of property without reasonable delay and protecting important public interests.

2. State Programs

State government has, to some degree taken up the slack in land acquisition due to Federal cutbacks. However, most state acquisition has also been overtly oriented to acquisition of land for park, habitat protection and recreational purposes, not to compensate landowners for harsh regulation. In fact, when local government and a developer cannot come to an agreement on the appropriate level of development of a property, it is not uncommon for the local government, the developer and the community to go to the legislature for funds to acquire the property in fee at full market value. So, Californians see a dichotomy between regulation and acquisition -- either one or the other, and are not accustomed to thinking about the compensation of landowners for strict or harsh regulation.

Even the Santa Monica Mountains Conservancy, the Coastal Conservancy and the Tahoe Conservancy, established by the Legislature to acquire interests in land in areas of statewide importance, are not primarily focussed on compensation for harsh regulation. However, because they focus on land that park agencies are not acquiring, on strategies of acquisition and restricted resale, or acquisition of partial interests in land, and work where regulation is harsh, they do devise programs, with limited funding that result in compensation for strict regulation.

In the post Nollan, First Evangelical era, the state could also establish a fund for compensating landowners for harsh regulation. In California, this could take the form of a matching grant fund for local agencies that have established local in lieu fee funds, special assessments or transfer of development rights programs to mitigate the effects of harsh regulation.

3. Local Acquisition Programs

In the post-Proposition 13 era, with cities, counties and school districts struggling to provide basic services, it is neither popular or realistic to suggest that local government take on the burden of compensating landowners for strict regulation. Without assistance from state and federal sources, or new sources of local revenue targeted to this purpose, local government will back away from necessary land regulation to insure that they are not liable for interim damages or a regulatory taking. However, there is precedent in California for such special funding.

In 1972, (prior to the passage of Proposition 13), the citizens of Santa Clara County passed Measure A, a County Charter amendment requiring $.10 per $100 of assessed valuation of property tax revenue be used exclusively for park purposes. This measure required 50% of the funds collected to be used for park acquisition purposes and the remainder for development of facilities within the parks. In 1978, the citizens of Santa Clara County passed Measure C, modifying the prior Measure A to require that no more that 30% of funds earmarked for park use be used for maintenance and operations purposes.

In November, 1986, the original Measure A was about to expire and a new Measure A was placed on the ballot and passed. This new measure, designed to conform to Proposition 13, provided for $ .015 per $100 assessed valuation to be earmarked for park purposes, with 20% allocated for park acquisition and 80% allocated for park development, maintenance and operations. This

Measure A will expire in July 1989.

Again, this measure does not go directly to the point of compensation and is oriented toward acquisition of parks. But it does show an example of how local government, even under the strictures of Proposition 13, can set aside funds for land acquisition, if there is popular support.

IV. In Conclusion

This paper demonstrates that there are tools available to both avoid regulatory taking and mitigate the impacts of harsh regulation. The key to the successful use of these tools is the willingness of government to consciously consider the impacts of harsh regulation in the comprehensive planning process, and lay the groundwork in that process for a multi-faceted strategy to deal with problem areas. Implementation of these strategies are likely to be more successful if local governments are conscious of the requirements to make programs successful, and if they get help, in the form of funds and technical assistance from state and federal sources and in the form of acquisition assistance from community-based non profit organizations.

EXHIBIT "C"

- CERTAINTY- AUTOMATIC APPROVAL OF DENSITY INCREASES

- SPEED- REDUCTION IN THE TIME REQUIRED TO PROCESS DEVELOPMENT APPROVALS

- OTHER POSSIBLE INCENTIVES

    FEE REDUCTIONS

    DESIGN FLEXIBILITY

EXHIBIT "D"

HOW DOES THE TDR PROCESS WORK?

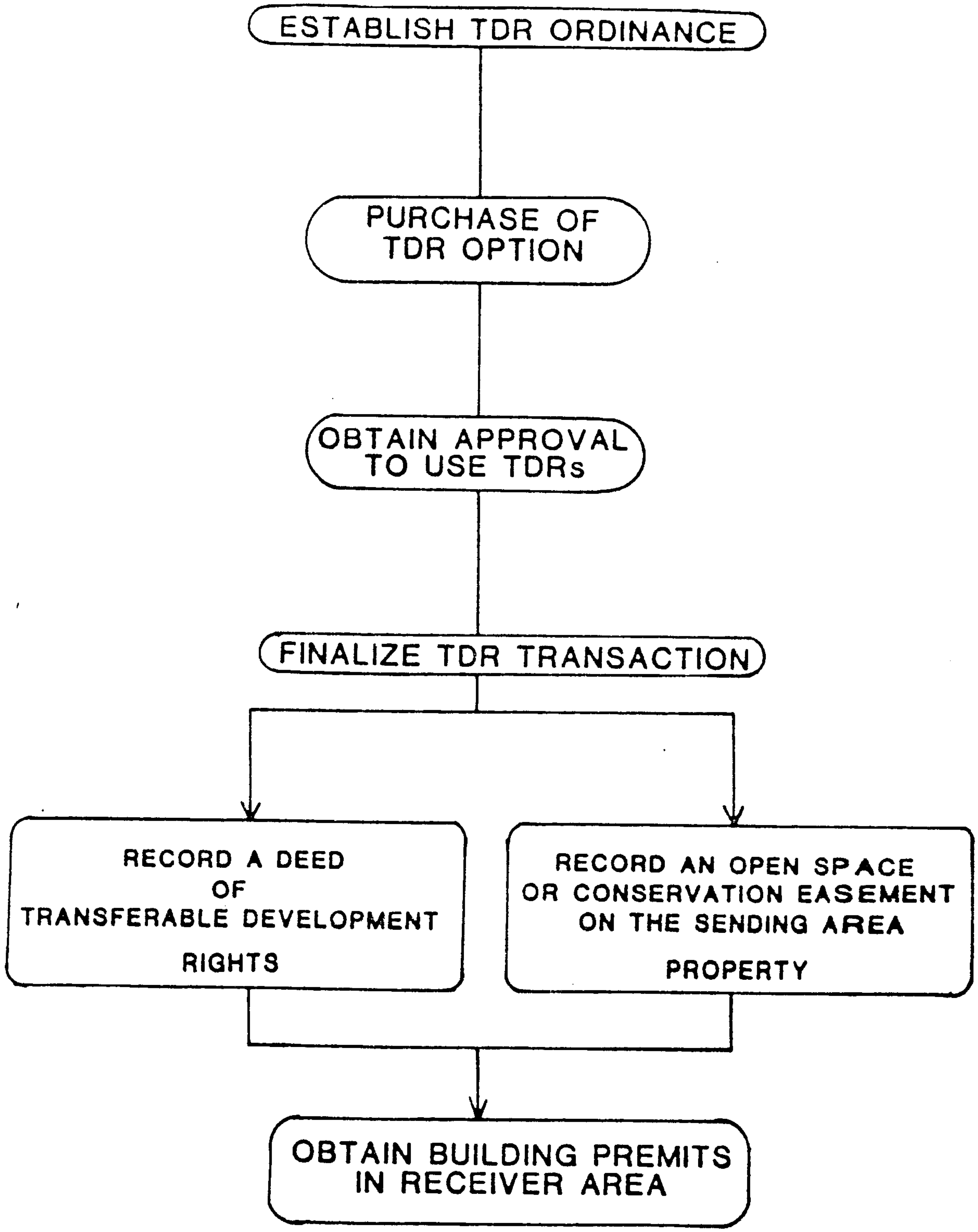
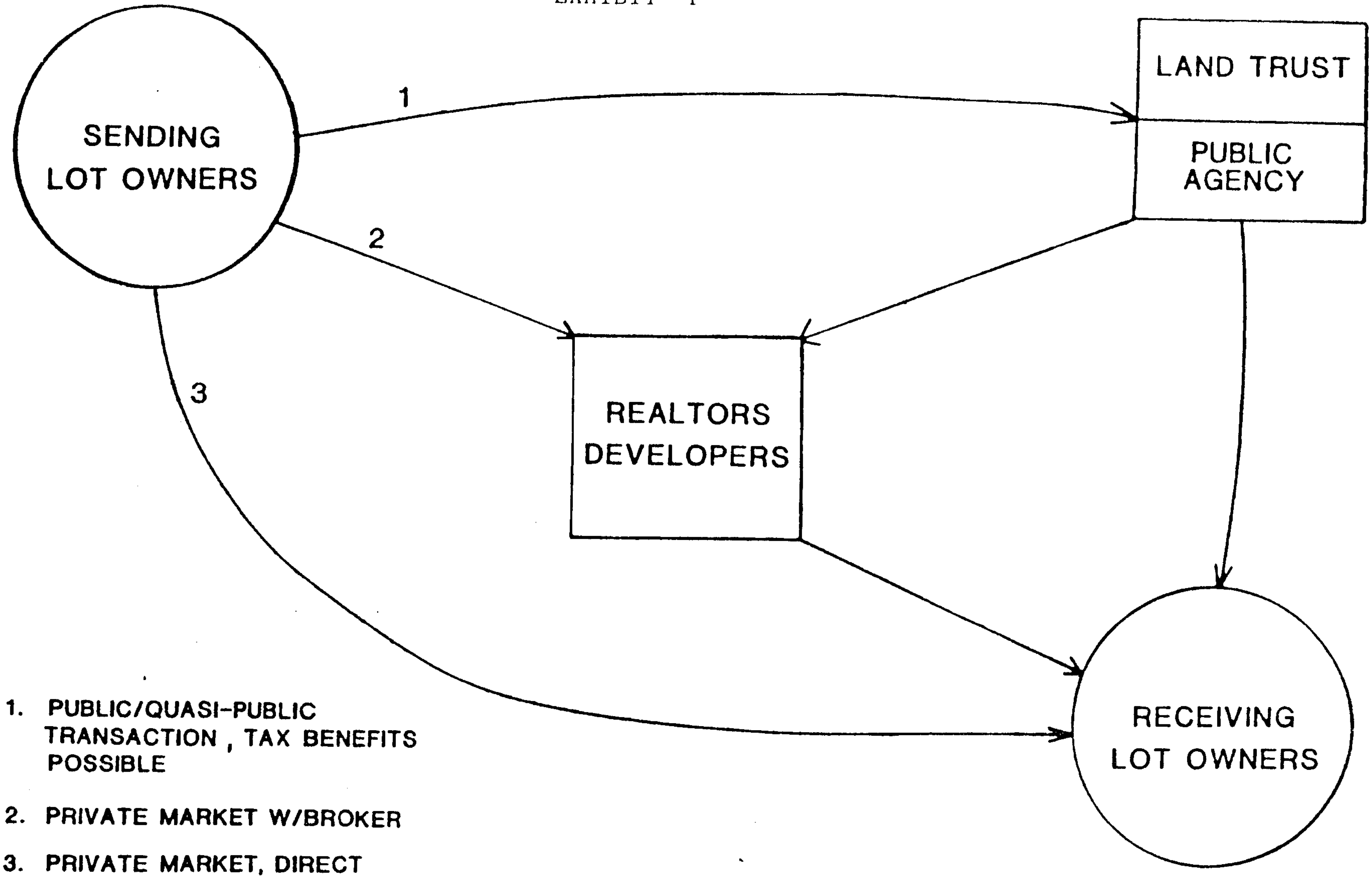


EXHIBIT "F"



1. PUBLIC/QUASI-PUBLIC TRANSACTION , TAX BENEFITS POSSIBLE
2. PRIVATE MARKET W/BROKER
3. PRIVATE MARKET, DIRECT

Farmers back land-conversion bill

State may pay for development rights

By Teresa Simons
UNITED PRESS INTERNATIONAL

SACRAMENTO — Farm industry leaders, concerned about the rapid conversion of fertile land into housing tracts and commercial districts, are proposing the state pay for buying farmers' development rights.

The state chapters of the American Farmland Trust and the American Farm Bureau Federation are sponsoring legislation that would ask voters to approve a statewide bond issue of as much as $200 million to buy development rights.

Under the plan, farmers would permanently forgo the right to sell their land for development in exchange for being reimbursed the difference between their land's current worth and what it would be worth were it sold for subdivision.

Private parties already have set up funds to purchase farmers' development rights in various Central Valley counties, and state and local governments have backed similar purchases in other states.

But a state bond issue solely for the purchase of farmland development rights would be a first for California, which under the Williamson Act only offers tax breaks to farmers who promise to keep their land in agriculture for at least 10 years.

"If we continue to convert farmland in the coastal valley as we have over the last 10 years, we will lose some of the best farmland in the world," says one of the proposal's backers, Richard Rominger, a Winters area farmer who served as secretary of agriculture under former Gov. Jerry Brown.

Irresistible incentives

To be sure, farmers are not forced to sell their land to developers. But the economic incentive often is too great to resist, particularly for farmers with big mortgages. Developers sometimes are willing to pay considerably more than market value for farmers' land.

Each year, 44,000 acres of crop land — which totals 10.5 million acres — are converted to nonagricultural uses, says the state Department of Water Resources. Also converted to nonagricultural uses each year are 50,000 acres of former crop land that had been idle or used for grazing.

"The concern is not just the raw quantity of land that is being lost but the quality of land," says Will Shafroth, Western regional director for the American Farmland Trust. "The land we're losing is the best farmland."

Shafroth notes the land is being lost to agriculture at a time when the state can no longer afford to bring new farmland into production with costly irrigation projects, as it did in the 1950s, '60s and early '70s.

He adds the land is particularly valuable because of the kinds and variety of crops farmed in California.

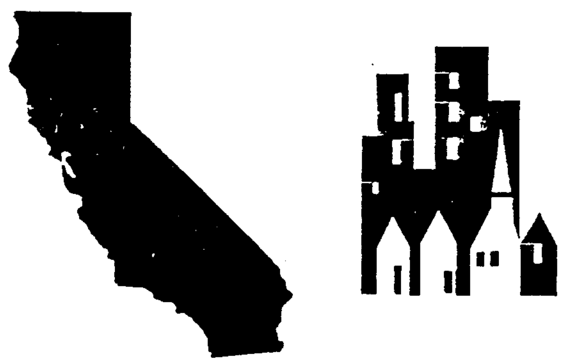
The Golden State provides a quarter of the fruits and vegetables consumed in the nation. Plus, California has more than three-fourths of the nation's year-round producing land.

The farm industry leaders' plan, to be introduced by Assemblyman Bill Jones, R-Fresno, will seek legislative approval for a 1990 ballot measure to authorize $100 million to $200 million in new state bonds.

With both Farm Bureau and environmentalist backing, the bond measure is expected to be opposed only by groups that contend the state already has too much bond indebtedness.

POLICIES TO PROMOTE DECENT AND AFFORDABLE HOUSING FOR ALL CALIFORNIANS

C.A.R.'S Blueprint for State and Local Housing Issues



October 1988

California Association of Realtors

Housing Policy Task Force

This document is submited by the Housing Policy Task Force.

Chairman:	Larry Gilbert (Visalia)
Vice Chair:	B.J. Johnson (San Dieguito)
Members:	Frank Conti (San Mateo-Burlingame) Susan Ditler-Brown (San Diego) Annette Graw (South Bay) Darlyne Houk (Contra Costa) Gordon Nicolson (Contra Costa) Boots Rusk (Nevada County) Collette Johnson-Schulke (Sacramento) Seb Sterpa (Glendale) Fred Stowell (Riverside)

California Association of REALTORS®
September 1988
Housing Policy Task Force

DRAFT

C.A.R.'S BLUEPRINT FOR STATE AND LOCAL HOUSING POLICIES

(The following is for informational purposes only and has not been approved by the Housing Policy Task Force, the Executive Committee or the Boards of Directors.)

I. Introduction

California is entering the 1990s with a housing crisis in the making. Numerous forces are adversely impacting the housing market including soaring housing prices and rents increasing far faster than the growth in incomes. Population pressures, the virtual withdrawal of federal spending, and rising public sentiment toward controlling growth and development brought on by a severely strained infrastructure have further disrupted the state's housing environment. As a result, there is a widening gap in housing needs that cannot be filled by the private sector alone. Clearly, a new thrust to housing policies is warranted. The Housing Policy Task Force suggests this blueprint to help ensure that California is well-positioned to address the housing needs of a new decade.

This first section of the blueprint describes the need for a housing policy document and the mission of C.A.R.'s Housing Policy Task Force. Section II identifies various demographic, fiscal, social and economic forces which suggest that a consistent, far-sighted housing policy is increasingly crucial if the housing needs of Californians are to be met in an adequate fashion in the years to come. Section III documents the specific prevailing conditions in today's housing market. The last section provides an overview of five critical problems which Californians are and will be facing over the next several years. Following each problem statement are the task force's recommendations on policies that C.A.R. should consider pursuing to ameliorate these problems.

A. The Need for a Housing Policy Document

In 1949, the United States Congress passed the Housing Act which made the promise of "a decent home and a suitable living environment for every American" a national goal. Indeed progress has been made in raising the standards of housing, alleviating much of the overcrowding and unfit conditions and raising the rate of homeownership. However, this progress is at risk today. Economic conditions over the past several years have been such that housing prices and rents have risen faster than incomes for many households, making large expenditure items such as housing, less affordable for many families and out of reach for many others. Pressures to control the huge federal budget deficit have resulted in cutbacks in federal funding for many programs, housing, in particular. As William Apgar of the Harvard/MIT Joint Center for Housing Studies has suggested, "America is increasingly becoming a nation of housing haves and have-nots."

After a decade of dwindling support for housing at the federal level, there appears to be some renewed interest in housing as a national priority. Senator Cranston has proposed a new national housing policy for 1989 and housing issues have become important planks in both the Democratic and Republican platforms in the 1988 presidential election. However, the fiscal constraints faced by our federal legislators remain the same and thus the prospect of a federal commitment to housing on the same order as in previous decades is unlikely. As a result, the burden of providing adequate housing is falling increasingly on the shoulders of state and local governments.

Many in California have recognized that housing and related issues have become increasingly important and controversial. The state is poised to become a major economic hub for the Pacific Rim as we approach the 21st century and its ability to address the housing needs of existing and future residents may weigh critically on its economic prosperity. Paradoxically, it is at the local level where the greatest strides need to be made through progressive land use planning, zoning and regulatory actions, to address housing problems. The state will have to revaluate its role vis-a-vis local housing decisions and possibly seek to promote a greater local commitment to housing through the use of regulatory or financial incentives.

Because of the importance of housing to the economic and social well-being of the state, C.A.R. has developed this housing policy document to help guide the Association in the development and promotion of consistent and far-sighted housing policies at the state and local levels.

B. About the Housing Policy Task Force

The Housing Policy Task Force was appointed by C.A.R. President Dale Colby who recognized the need for a revisiting of the Association's traditional policies and historical actions taken vis-a-vis housing issues and legislation in this state. The mission of the Task Force included: (1) evaluating C.A.R.'s existing housing policies and the development of a comprehensive housing policy document on state and local housing issues; (2) joining together with allied organizations to develop and recommend state housing policy consistent with C.A.R.'s and to encourage the implementation of C.A.R.-supported housing policies at the state and local governmental levels; and (3) finding ways to develop strategies to increase public awareness about housing affordability and availability in California.

The Housing Policy Task Force members are: Chairman - Larry Gilbert (Visalia), Vice Chair - B.J. Johnson (San Dieguito), Frank Conti (San Mateo-Burlingame), Susan

Ditler-Brown (San Diego), Annette Graw (South Bay), Darylne Houk (Contra Costa), Gordon Nicolson (Contra Costa), Boots Rusk (Nevada County), Collette Johnson-Schulke (Sacramento), Seb Sterpa (Glendale) and Fred Stowell (Riverside).

The Housing Policy Task Force met five times over the course of the year to develop this housing policy document. Various experts were interviewed as to their view of California's most critical housing problems and ways that they might be resolved. Extensive debate among the task force members took place on a wide range of issues related to housing. Additionally, an educational forum was held at the July Director's Meetings to help educate the directors on California's critical housing problems in the 1990s.

Many people deserve special acknowledgement for sharing their knowledge and experience with us. Those who were interviewed by the task force include Dugald Gillies, former Vice President of C.A.R.'s Governmental Relations Department in Sacramento; Christine Reed, Director of the California Department of Housing and Community Development; State Senator John Seymour; Christine Minnehan, Senator Roberti's housing aide; and Peter Detwiler, Chief Consultant to the Senate Local Government Committee. Those who shared their expertise with the directors at the forum "Housing in the 1990s" include C.A.R. President Dale Colby; N.A.R. President-elect Ira Gribin; C.A.R.'s Chief Economist, Joel Singer; syndicated columnist Dan Walters; Director of Research at ABAG, Raymond Brady; and Angelo Siracusa, President of the Bay Area Council.

At the most fundamental level, this document is intended to be educational and to stimulate the development of policy by C.A.R. membership on major housing issues. Although its aim is to be a guide by which the Association can take affirmative action, this document is not designed to replace existing C.A.R. policies approved by the Board of Directors. The recommendations in this document may still require appropriate committee and Board action before specific policy implementation. Further, there will be a later attempt to pursue appropriate amendments to the C.A.R. Statement of Policy in order to integrate it with the policies adopted from this document.

It also represents an initial attempt to raise the consciousness of the public at large, without offering the final answer to all the state's housing problems. The objective is to provide a living document which will meet the challenges both now and in the future.

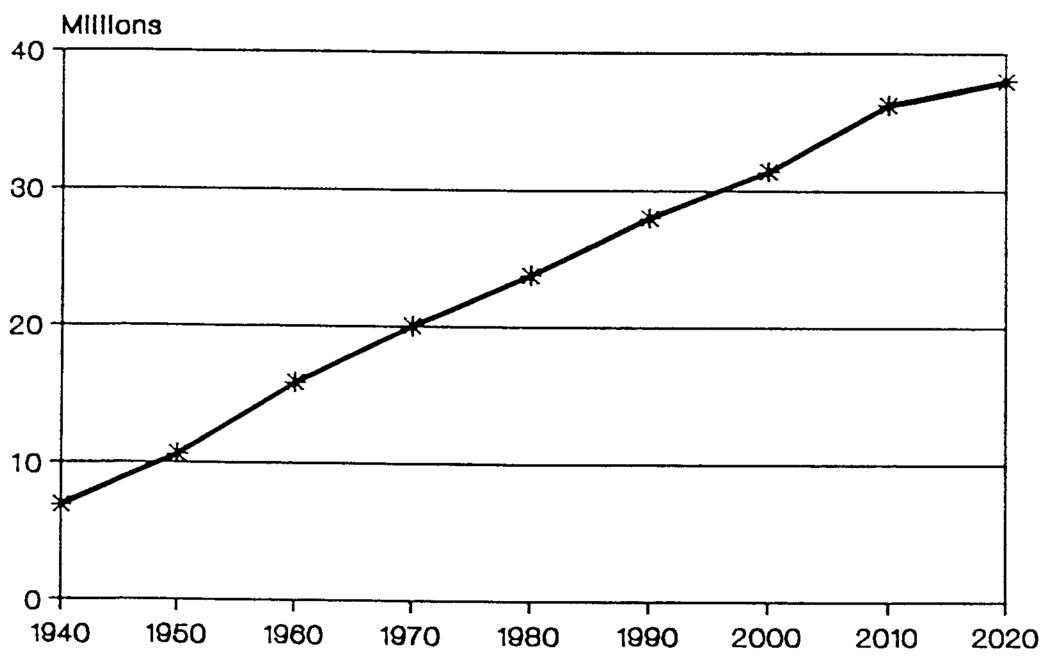
The Task Force recommends that C.A.R. adopt this document as a conceptual framework for the development of Association policy on housing issues.

II. Demographic, Fiscal, Social and Economic Forces Impacting Housing

A. Demographic Forces

Throughout this century California's rate of population growth has significantly exceeded that of the nation as a whole. Approximately 12 percent of the nation's popula-

California Population Trends 1940 - 2020



Source: Calif. Department of Finance

tion now lives in California compared to only 2 percent at the beginning of this century. The State Department of Finance has projected that over 4 million people will be added to the state's population by the year 2000. There are three themes to the demographic trends in California which will have major implications for the housing market: (1) the continued maturation of the post-war baby boomers, (2) the swelling ranks of the elderly, and (3) the changing ethnic composition of the state's population.

The Maturation of the Post-War Baby Boomers

Following World War II, housing construction in California boomed to keep up with the explosion of new households which were being formed. Children born between 1947 and 1965, commonly referred to as "baby boomers," now total almost eight million in California alone. Because of its large size, this age cohort of the population will have a heavy influence on housing consumption patterns in the years ahead. Projections for the year 2000 indicate that the bulk of the baby boom generation in California will be in the 35 to 54 age range and will comprise over 30 percent of the state's population. These households are in their peak earning years and will provide a significant stimulus to the trade up housing market as they seek bigger and better homes for their families. However, at the same time, housing mobility is likely to decline as these households settle down to their families and their chosen careers.

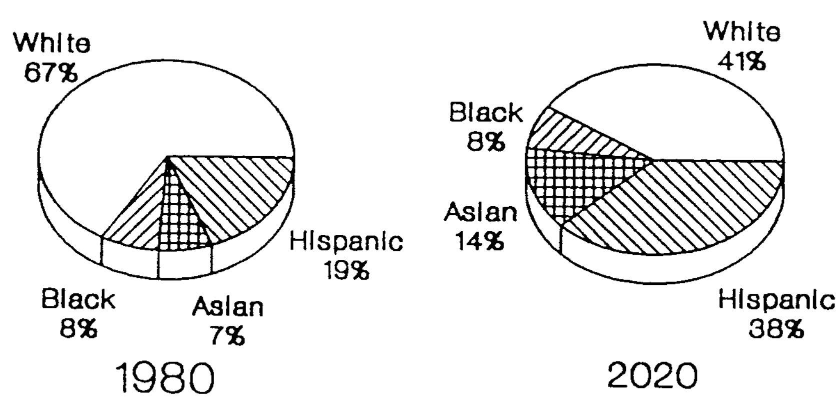
The Swelling Ranks of the Elderly

Another demographic trend shaping tomorrow's housing market is the rapid growth in the ranks of the elderly as individuals born during the pre-WW II population surge achieve senior citizen status over the next two decades. The over-65 population in California is projected to number over 3.8 million by the year 2000 and will make up over 12 percent of the population. A large proportion of this population already owns their home (70 percent) and many are in better health and in better financial condition than the seniors of the past. Seniors, in general, will have the resources to demand housing in line with their needs and lifestyle. However, flexible financing mechanisms suitable for their age cohort will be critical. Furthermore, there is a significant segment of the elderly population who will not be able to afford housing which fits their needs, particularly if they require health care.

The Shift in the Ethnic Composition

California's unique location on the Pacific Rim, close to Latin America and Asia, has made it a prime destination for many Hispanic and Asian immigrants. During the decade of the 1970s almost half of the state's total population growth can be attributed to immigrants from foreign countries. The projected inflow of these groups in the years ahead will have a definite impact on the state's housing situation. The California Department of Finance has projected a steady increase of ethnic populations to California over the next 30 years, particularly in the Hispanic and Asian populations. The percentage of Asians is projected to increase from its current level of 9

Population Projections by Ethnic Group 1980 - 2020



Source: California Department of Finance percent to 14 percent by the year 2020, while the share of Hispanics will rise from 24 percent to 38 percent. The proportion of Caucasians is forecasted to drop from 60 percent of the state's population today to 41 percent by the year 2020, while the Black population remains virtually unchanged at around 8 percent.

But as the population inexorably shifts its ethnic make-up, the voting patterns would indicate that California's voters remain largely the older, upper and middle-class Caucasians. This trend highlights the importance of bridging any dichotomy between the desires of those in control at the political level and the socio-economic needs of the emerging majority.

There are various economic characteristics related to each of the ethnic populations which have important ramifications for the state's housing market in the future. Data from the 1980 Census on these groups show that Hispanics and Blacks have substantially lower incomes than the Caucasian and Asian populations in California. Furthermore, the unemployment rates for Blacks and Hispanics are almost double those of Caucasian and Asians. Finally, Blacks, Hispanics and Asians have much higher percentages of their populations which fall below the poverty line. Consequently, the homeownership rates for these groups are lower than that of the Caucasian population, particularly in the case of Blacks and Hispanics. Many of the poorest are forced to live in overcrowded and unsuitable housing due to the inadequate supply of low-income housing, particularly in the state's larger urban cores.

B. Economic Forces

Over the past decade, growth in California economy has outpaced that of the nation. California currently produces over 12 percent of the nation's total output. If the state's gross output of goods and services was measured against those of other nations, then California would rank as the sixth largest economy in the world. Additionally, California's location on the Pacific Rim has made it one of the most important centers for the $3 trillion trade generated by the Pacific Rim economies. The state's economic success has been one of the major attractions to millions of immigrants searching for jobs and a better way of life. The rapid pace and nature of California's growth has shifted the state's economy from one based on agriculture and primary production to one characterized by a highly urbanized industrial and service-oriented society. Accompanying this trend is a lower level of labor productivity, slower income growth and a labor force divided between a relatively small number of highly skilled technicians and professionals and a large number of lower-paid unskilled workers. Additionally, the rapid growth of the state's economy has not been without costs. Californians must now battle with polluted air and water, a tremendous waste disposal problem, major traffic jams and hazardous sewage spills.

In terms of housing, rapid economic growth in many areas of the state has contributed to the upward pressure on housing prices. High housing costs, particularly in many of the state's urban centers, is forcing people to live further and further away from the work place. The outlook is for an increasing imbalance between where the jobs are located and the ability of the work force to find suitable housing within reasonable commuting distance. In the future, the lack of affordable housing will be a deterrent to some businesses in deciding where to locate, and in some cases, may even cause them to locate outside of California, taking the jobs with them.

This scenario for the future implies that California may no longer be able to maintain its position as an economic leader. These trends point to the possibility that the state could become a lagging economy, as housing prices, infrastructure and other factors become relatively more attractive in other areas outside of the state.

C. Fiscal Forces

A major reason that the state was able to grow so rapidly has been through the historical support of its tremendous infrastructure system. California's highways, sewage systems, schools, prisons and other public facilities were once the envy of many states. Now, however, the system is facing significant strains. Many highways and street networks are clogged, with estimates by the California Transportation Commission that losses in wages and productivity are close to $2 million per day. Local sewer systems throughout the state are also pushed to their limit, which in some cases has led to health threatening spills. School districts in growing population centers have also felt the squeeze, causing overcrowded classrooms and double sessions.

Part of the problem can be attributed to cut-backs in federal public works expenditures which were once a major source of funding. Federal funds for highways, sewers and water systems which grew by 46 percent during the 1970s have been reduced by 13 percent between 1980 and 1985.

At the state level, the imposition of Proposition 13 inhibited the ability of local governments to raise funds for infrastructure maintenance and development. The Gann spending limit, initiated in 1979, also constrained appropriations without regard for the special needs created by infrastructure inadequacies. As a result, maintenance of the existing system has been deterred and construction of new systems thwarted by lack of funds. A Governor's Task Force recently found that by 1994, deferred maintenance on public works will approach $29 billion and the facilities needed to support new development will total another $49 billion.

According to a report recently released by the The Road Information Program (TRIP), California spends today, in constant dollars, roughly the same amount it spent in 1948 on highway construction and improvements--this despite a 450 percent increase in traffic over the same period. We would need to increase highway spending 10 percent annually through the year 2000 in order to return to the level of investment and road quality of 1971.

The inadequacy of the state's infrastructure systems and difficulties in finding sources of funds have produced a tremendous rise in the use of developer fees. According to a survey by the state's home builders, development fees and utility charges added $11,800 to the cost of a new home in California in 1987--double the amount from just four years ago. Additionally, issues surrounding the capacity of a community's infrastructure have been a chief force behind the growth control movement. Both of these trends have put substantial upward pressure on housing prices in many areas of California.

D. Social Forces

Population pressures coupled with diminished financial resources to support the development and maintenance of needed infrastructure have resulted in significant changes to California's urban landscape and have triggered the public's response favoring controlled growth. The growth control movement has become the hot topic of the late 1980s and the target of these controls has largely been residential development. The objective of most of the growth controls initiated is to limit growth within a community in order to preserve the level and quality of public services that currently exist.

Since 1971, C.A.R. has documented 214 ballot measures addressing local land use issues, 134 of which were written to control growth in cities and counties. Sixty-three percent of these growth control measures have passed over the time frame, and the passage rate has been increasing as of late.

While the concerns of those citizens who advocate growth control may be valid, many of the mechanisms utilized to control growth, such as "traffic management" initiatives, building moratoria and annual housing caps are ultimately ineffective. Such "solutions" neglect the larger issues of how the growth control measures affect the region as a whole and whether measures to control the manifestations of growth are truly effective in resolving the underlying problems that give rise to growth control sentiments.

A provocative study prepared by the San Diego Association of Government (SANDAG) two years ago suggested that "job-control" would be an effective public policy response to the electorate's cry for a slower rate of growth. The SANDAG report estimated that in order to slow the region's growth to the rate the nation will grow by the year 2000, "local jurisdictions would have to prohibit all industrial growth." Further, employment opportunities would have to shrink by 500 jobs per year, whereas current projections call for an increase of 5,600 jobs per year.

The long-term impacts of growth control, though not well-documented, suggest an aggravated imbalance between the location of jobs and housing and an exacerbated housing affordability problem for many areas of the state.

Along these lines, some have suggested that one outcome of the growth control movement may be an intensifying segregation of our society. The growth control movement of the 1980s has been prodded by relatively affluent suburban communities. Under-represented in the public policy debate over growth and its distribution are groups of people whose prospects of entering the housing market have grown dimmer each year--the poor, young families and first-time homebuyers. Studies indicate that despite the socio-economic diversity of our voting age population, our political leaders are largely elected by a disproportionate population of white, older voters. For example, according to columnist Dan Walters, 85 percent of the registered voters in the November 1986 election were Anglo despite the fact that they represent 60 percent of the total population. Though Hispanics comprise 24 percent of the total population, they only represented seven percent of the registered voters. Asians, too, were significantly underrepresented at the polls.

The political reality of these electoral trends is that the vast majority of voters are less interested in electing leaders or promoting goals that will prepare California for the future and are more concerned with protecting their quality of life.

III. The Current Housing Situation-Impending Crisis

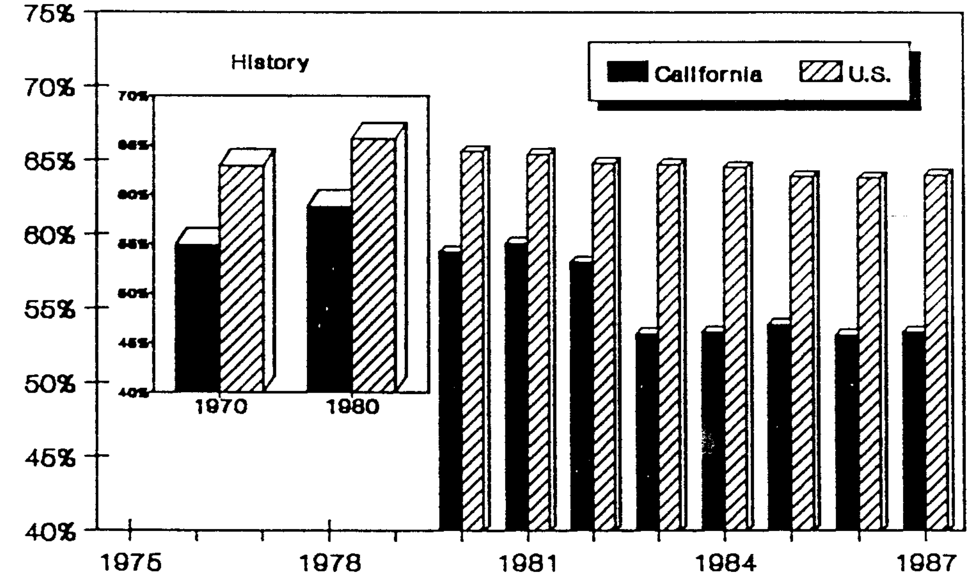
A. The Decline in Homeownership

As of the 1980 census, California had the third lowest homeownership rate in the nation with only the District of Columbia and Hawaii having lower percentage of owner occupied housing. The problems of housing affordability are also reflected in a decline in homeownership rates since the beginning of the decade. Nationwide the rate has dropped from 65.6 percent of households in 1980 to 64.0 percent in 1987. In California, a state with high housing costs, the drop in homeownership has been even more dramatic, falling from 58.8 percent in 1980 to 53.4 percent in 1987. This general decline represents the first sustained one of its kind since the 1930s. Within age groups, the decline in homeownership has been the most pronounced among the 25 to 34 year olds, typically the age of first-time homebuyers.

The decline in the rate of homeownership has occurred despite an improvement in housing affordability as shown in the chart. A combination of declining mortgage interest rates and a modest growth in real incomes has helped improve the affordability picture since the 1981-82 recession. During that period only 13 percent of California households could afford to purchase the median priced home.

This improvement is tenuous at best. For example, affor-

Homeownership Rates: Annually
CA vs. US



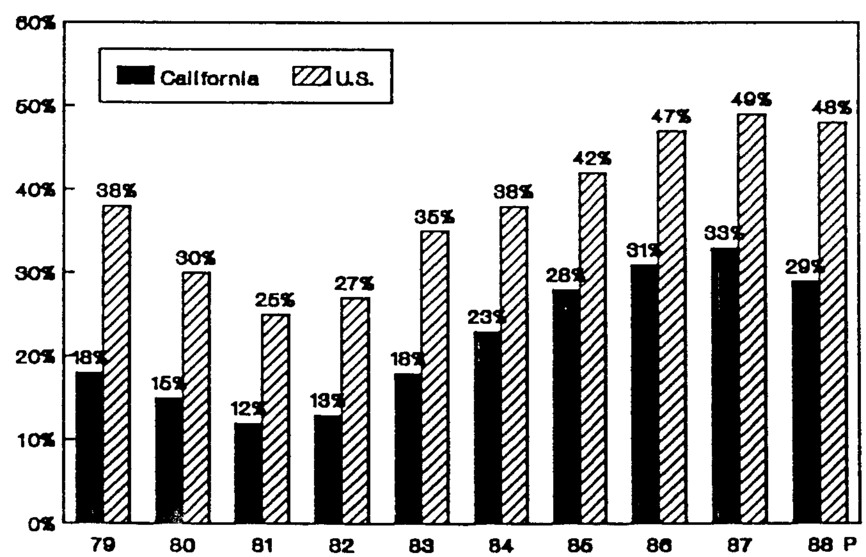
Source: U.S. Census Bureau, Ca State Population Data Center

dability has already begun to erode in 1988 from its peak level of the decade of 33 percent in 1987. As of April 1988, only 29 percent of California's households could afford to purchase the median priced home of $157,000. In comparison, 48 percent of all U.S. households could afford the median priced home of $87,700 nationwide. This erosion has largely been the result of rising mortgage interest rates and sharp increases in home prices.

Home Prices Out-Pace Growth In Incomes

A large part of the housing affordability problem has been the rapid rise in home prices in recent years. For the U.S. as a whole, the median priced existing single-family home increased from $23,000 in 1970 to $85,600 by 1987--a 272 percent increase. In California, the increase is far higher due to a combination of high demand resulting from strong population growth and tight housing supplies, as building activity has been constrained by high land costs and slow growth measures in many areas of

HOUSING AFFORDABILITY INDEX
CA vs. U.S.

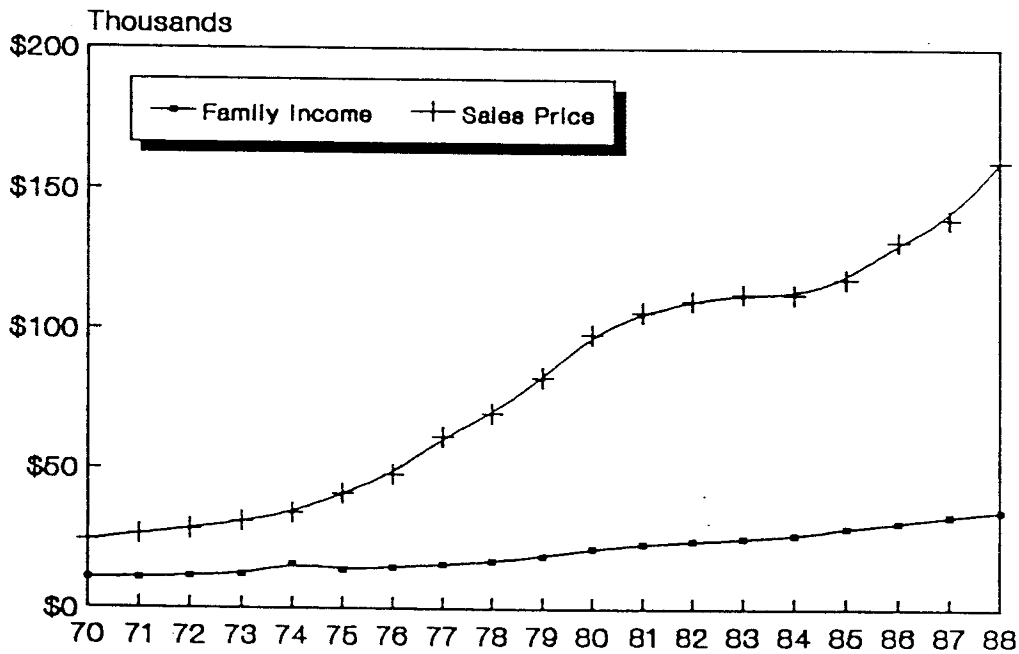


Source: C.A.R., N.A.R.

the state. As a result, the median priced existing single-family home in California shot up from $24,300 in 1970 to $139,400 in 1987--a 474 percent increase. In the first half of 1988 it has jumped another 15 percent to $156,700.

Over the same period the growth in median family incomes has not kept pace with the rise in home prices. According to the U.S. Bureau of the Census, median family income in the U.S. increased only 215 percent from

CA Median Home Sale Prices vs. Median Family Income: 70 - 88



Source: C.A.R., US Census Bureau

$9,867 in 1970 to $31,100 in 1987. This was much slower than the corresponding 272 percent increase in home prices. California median family incomes rose 207 percent from $10,828 in 1970 to $33,200 in 1987, lagging woefully behind the 441 percent jump in California home prices.

Volatile Mortgage Interest Rates

The crucial role played by financing in the purchase of a home makes interest rates a major factor impacting housing affordability. The volatility of mortgage interest rates also adds to the uncertainty and instability of the housing affordability picture. C.A.R. has estimated that a two-percentage point rise in interest rates from 9 percent to 11 percent translates into a seven percentage point drop in the share of California households who could afford the median priced home in the state. This would mean that approximately 700,000 fewer households in California could afford to buy a home when interest rates jump from 9 to 11 percent, assuming all other factors remain the same.

Affordability Constraints Faced By First-Time Buyers

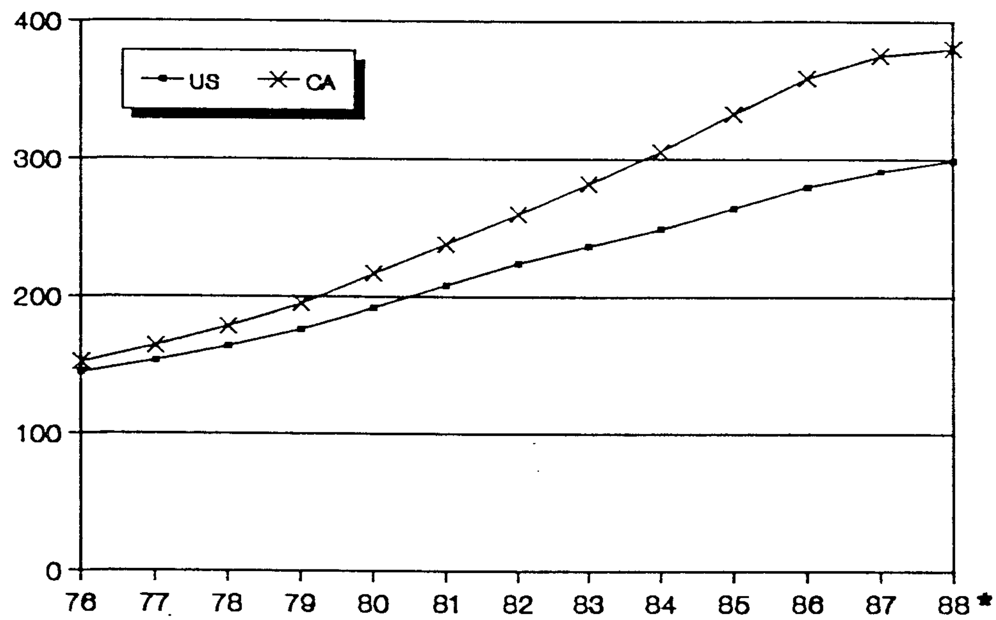
First-time home buyers are hit the hardest by rising home prices and fluctuating interest rates. Homeowners who sell their home in order to buy another have, for the most part, enjoyed appreciation in the value of their home, the gain on which they can use as a downpayment on another home. Prospective first-time buyers do not have this advantage and thus tend to face both downpayment and income restraints. Furthermore, first-time homebuyers are generally younger households who have not yet accumulated enough savings for the often substantial downpayment which is required, and they are usually at the lower end of their income earning curve.

C.A.R.'s 1987 Housing Finance Survey shows that first-time homebuyers purchase significantly less expensive homes than repeat buyers--$121,000, compared to $159,000. First-time buyers also have lower annual incomes--$42,000 versus $50,000 for repeat buyers. Additionally, first-time buyers make smaller downpayments than repeat buyers--$12,000, compared to $32,000. The median loan-to-value ratio among first-time homebuyers is much higher at 90 percent than the 80 percent loan-to-value ratio faced by repeat buyers. This places first-time buyers in a higher risk category in terms of default and foreclosure, thereby making affordable financing more difficult to come by.

B. Affordability in the Rental Housing Sector

Affordability is also a critical problem in rental housing. Rents have risen faster than incomes throughout the 1970s and 1980s. According to data from the decennial Census the median gross rent in California rose 125 percent, from $126 in 1970 to $283 in 1980. Meanwhile, median family income in the state rose from $10,828 to $21,537, a 99 percent increase over the same period. And although data on rents for the state more recent than the 1980 Census is not generally available, it can be estimated that since the 1980 the median gross rent for the state has increased 70 percent to about $480 in 1987, with a corresponding increase in median family income of only 54 percent.

Residential Rent Inflation
(Res. Rent Component of the CPI)



Source: U.S. Department of Labor

* Based on first four months of 1988

Not only have rents risen faster than incomes, but as the graph of the residential rent component of the consumer price index (CPI) shows, rent inflation has been more rapid in California compared to the U.S. as a whole. Moreover, the rental component of the CPI has increased at a much faster pace than the cost index for all items. For example, California's consumer price index rose almost 110 percent between 1976 and 1987, while the state's residential rental component of the CPI jumped nearly 147 percent over the same period.

Apartment Construction Lags Need For Affordable Units

During the 1984-1986 period, California experienced a boom in multi-family housing construction. However, much of the construction taking place was geared toward the high end of the market and was making up for the severe slump in apartment production experienced during the 1981-82 recession. Since 1986 rental housing construction has been hard hit by tax reform and budget reconciliation measures by the federal government. Many of the tax incentives to invest in rental housing were eliminated by the Tax Reform Act of 1986. In addition, the volume of tax exempt bonds issued for housing was severely reduced by placing housing bonds under a unified state cap with a number of other types of "non-governmental" bonds. As a result, multi-family housing construction in California dropped by 30 percent in 1987 and is expected to decline another 30 percent in 1988.

As shown in the table permit, activity for the construction of new multi-family housing units is down severely from 1986 levels in most of the state's major metropolitan areas. In fact, were it not for an increase in condominium construction the drop in total multi-family building would be much worse. While some overbuilding occurred during the 1984-86 boom in multi-family housing construction, the subsequent decline in new rental building will mean faster absorption and declining vacancy rates. Furthermore, as prices of single-family homes continue to mount, demand for rental units will increase and upward pressure on rents is expected to occur.

Low Income Renters Hit Hardest

Those hit hardest by rising rents and a tight supply of available rental units are the lower income households.

PERMITS FOR THE CONSTRUCTION OF NEW MULTI-FAMILY HOUSING UNITS*
BY METROPOLITAN STATISTICAL AREAS

	Annual 1986	Annual 1987	% Change	6 months 1987	6 months 1988	% Change
Los Angeles/ Long Beach	52,969	38,694	-26.9%	21,075	15,149	-28.1%
San Diego	27,730	15,571	-43.8%	10,191	5,778	-43.3%
Riverside/ San Bernardino	24,896	10,885	-56.3%	4,689	4,364	- 6.9%
Anaheim/ Santa Ana	15,101	15,372	+ 1.8%	9,187	6,957	-24.3%
Oakland	12,491	7,850	- 37.1%	3,553	1,617	-54.5%
Sacramento	5,701	5,800	+ 1.7%	2,225	2,509	+ 12.8%
San Jose	4,784	4,431	- 7.4%	2,169	1,469	-32.3%
San Francisco	4,407	4,478	+ 1.6%	1,955	1,517	-22.4%
Fresno	2,730	2,032	-25.6%	1,235	628	-49.1%
Bakersfield	1,923	1,426	-25.8%	1,254	249	-80.1%

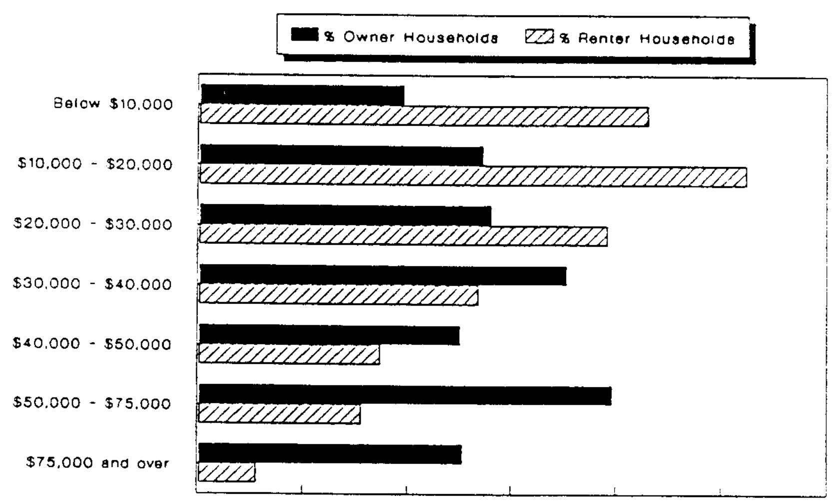
* Includes some condominium units

Source: Construction Industry Research Board.

The graph below shows that renter households are largely in the lower income brackets in comparison to homeowners who are relatively more affluent. According to the State Census Data Center's 1986 population survey data, the median household income for renters in California was $21,100 which was over $16,000 lower than the $37,200 median household income for homeowners.

As shown in the table on the percentage of household income spent for housing, the burden of housing costs on low income renters is made particularly clear from 1980 census data which shows that almost 53 percent of renter households in California spent 25 percent or more of their income on rent. Only 29 percent of owner households faced the same burden in terms of housing costs. Moreover, the burden for low-income renters was far worse, with over 80 percent of renter households with

Comparison of Income Distributions in CA Owner versus Renter Households (1986)



Source: CA State Census Data Center

PERCENTAGE OF HOUSEHOLD INCOME SPENT FOR HOUSING

HOMEOWNERS VERSUS RENTERS: 1980

Percentage of Income Spent	Total	Less than $5,000	$5,000 $9,000	$10,000 $14,999	$15,000 $19,999	$20,000 $24,999	$25,000 or more
Owner Households							
Less than 25%	69.8	20.9	51.9	59.7	63.3	67.9	82.5
25% to 34%	14.3	12.1	14.2	14.8	17.2	19.1	12.5
35% to more	15.1	52.8	33.9	25.5	19.5	13.0	5.0
Not computed	0.8	14.1	----	----	----	----	----
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Renter Households							
Less than 25%	43.1	4.5	12.7	36.9	64.7	79.9	93.3
25% to 34%	19.3	6.5	22.7	36.1	25.0	16.8	4.3
35% to more	33.2	74.9	62.0	24.7	8.4	1.8	---
Not computed	4.4	14.1	2.6	2.3	1.9	1.7	2.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: U.S. Census, HC80-2-6 Metropolitan Housing Characteristics, Tables A-3 and A-4.

incomes less than $10,000 in 1980 paying 25 percent or more of their income for housing.

Reduction In The Low-Income Housing Stock

The lack of affordable rental housing for low-income households will be compounded by the expiration of federal government subsidy contracts on existing low-income housing projects in California. Over the next several years owners of approximately 1,400 federally-assisted low-income housing projects in California (under Sections 236 and 221(d)(3), Section 515 and Section 8 programs) will be eligible to pre-pay their loans or not renew expiring contracts, thus releasing their projects from all rent and other regulatory restrictions. In California, an estimated 100,000 low-income units will become eligible for opt-outs over the next several years and it is expected that a high percentage of projects will choose to convert their assisted units to market rate rents because it will be more profitable than the current subsidy they are receiving.

Homelessness - A Growing Problem

Another issue of concern to society is the growth in the numbers of homeless individuals. Over the last few years, the problems of homelessness have increased in visibility and have received a great deal of media attention. It is estimated that there are close to 100,000 homeless people in California, over 35,000 of whom live on the streets of Los Angeles. While many of the homeless are those with mental illnesses or those who have drug or alcoholic addictions, there is a growing proportion of homeless who have temporarily been derailed by economic adversity or family crisis. These individuals cannot find housing because they cannot come up with sufficient funds for a security deposit, nor will most landlords rent to such people until they find steady work. In general, it is this sector of the homeless population who could benefit from short-term public and private resources to help them return to full self-sufficiency.

Future Outlook

The future outlook for California's housing situation is bleak. Demographic pressures in terms of slower population growth and a largely aging population will provide some relief in terms of future housing demand. However, in absolute numbers, given current unmet needs, the housing units required will continue to grow. Furthermore, without some creative solutions to the problems of housing affordability, the likelihood of further restrictions to growth and increasing land and building costs will continue to push housing prices up faster than the growth in incomes. This lack of affordable housing is likely to force greater numbers of people to move away from their jobs, exacerbating traffic tie-ups, pollution and infrastructure shortages in general. Eventually, the productivity of the workers and the state's economic competitiveness may be impaired. Over the longer term, such a trend could lead to an exodus of businesses away from the state.

Even more critical is the widening gap between the demand and supply of housing for low-income households due to the loss of federally subsidized low-income units, abandonment and gentrification. the availability of housing units for the poor is declining rapidly while the numbers of households who need low-income housing is increasing. The trend is such that even with housing vouchers or certificates many of these families will not be able to find adequate housing to which they can apply the subsidy. Providing decent and affordable housing to this group is a challenge which will require the efforts of all levels of government, as well as private and non-profit sector participation.

IV. Major Areas of Concern

As the demographic, fiscal, economic and social forces described above suggest, there are a number of major problems which must be met head on if the viability of decent and affordable housing for all is to be maintained into the next century. This section is divided into five major problem areas. Each problem is briefly described and followed by the policy recommendations of the Housing Policy Task Force.

A. Housing Affordability In The Ownership Sector

Problem Statement

Relatively strong economic growth and a surging population will keep housing demand high, such that the long-run outlook for affordability and home prices is not encouraging. Growth restrictions will further constrain supply. As a result, Californians will continue to spend a larger share of their incomes on housing than elsewhere in the U.S. In addition, most first-time buyers will be priced out of housing markets located in central urban areas, causing them to live further away from their jobs. Eventually, California will become too expensive for many, leading to a migration of both people and jobs out of the state.

While decent and affordable housing continues as an important goal at both the state and federal levels, programs and agencies set up to help stimulate homeownership have come under increasing attack over the past several years. For example, curtailments have been proposed at the Federal level such as the privatization of the FHA, FNMA and FHLMC, user fees on government loan and guarantee programs, restrictions on FNMA/FHLMC's REMIC issuing authority and "credit reform" for the FHA/VA programs which would effectively limit program budget authorizations.

Additionally, the Budget Reconciliation Act of 1987 placed a cap on the mortgage interest deduction for the first time in history. While the $1 million limit is high enough not to affect the majority of homeowners, the precedent has been set so that a lowering of the cap in the future appears likely. The message from the federal government clearly is that homeownership is no longer sacred given other budget priorities.

Also jeopardized are the mortgage revenue bond (MRB) and mortgage credit certificate (MCC) programs. These programs have been important tools for many first time home buyers in California who would have otherwise been unable to buy a home. However, due to the perceived costs to the government, usage was restricted through the Tax Reform Act of 1986 and the programs are expected to expire, at least temporarily at the end of 1988.

Market conditions are also making homeownership opportunities increasingly scarce. Strong demand for homes along the state's coast, as well as gentrification in many urban centers have caused housing prices to soar. Areas where housing was once considered relatively affordable are out of reach for the majority of Californians.

The need to expand the opportunities for homeownership is apparent. The situation is particularly critical for first-time homebuyers. Each level of government must acknowledge its role in assisting families to find housing. In light of these trends, the Task Force makes the following recommendations.

Housing Policy Task Force Recommendations

The California Association of REALTORS® supports policies that help expand the opportunities for homeownership. In the areas of financing and tax incentives, the state, where feasible, should be encouraged to develop policies to promote homeownership.

- We believe that a comprehensive study of the state's homeonwership programs should be undertaken by an independent organization in order to determine whether these programs are being operated in an efficient and cost effective manner.
- We reaffirm that the current status of mortgage interest deductibility should be maintained.
- We support the creation of state-based investment instruments similar to GNMAs and REMICs.
- We endorse the concept of giving priority, in terms of chartering and more favorable tax treatment to financial in-

stitutions dedicated to providing housing finance.

- We support the expansion of Reverse Annuity Mortgage (RAMs) programs and propose the establishment of a RAM insurance fund in order to help spread the risks.
- We support the investment of public and private pension funds in California residential mortgages.
- We endorse the concept of providing tax incentives for sellers who provide financing to homebuyers.

The California Association of REALTORS® supports innovative policies which will facilitate the purchase of a home by first-time homebuyers, including help with the financing, the downpayment and the construction of affordable housing.

- We support the expansion of a state level program for low and very-low downpayment mortgages similar to the FHA loan guarantee program.
- We encourage the establishment of a state level mortgage credit certificate program to give first-time homebuyers a credit on their state income taxes. We endorse efforts to establish a state administered MCC program and encourage further efforts to widen local MCC usage.
- We call for the creation of a state-sponsored shared-appreciation program to increase the amount of investment capital for first-time homebuyers while reducing the risks.
- We propose lowering the minimum mortgage insurance requirement for first-time homebuyers utilizing various state level housing programs.
- We support downpayment savings programs using IRA or Keogh savings or a program which would allow first-time home buyers to borrow against other retirement benefits.
- We propose the establishment of a non-profit housing trust fund with private sector contributions through such mechanisms as an income tax check-off.
- We support the concept of benevolent lending institutions to make low-interest rate loans to first-time homebuyers in exchange for tax credits.
- We support the expansion and development of state and local self-help programs for first-time homebuyers such as the "sweat equity" programs.
- We encourage the adjustment to price and loan limits of the state's homeownership programs, such as Cal-Vet, to better reflect market conditions in different areas throughout California.
- We recommend the exploration of a program which would provide subsidies for first-time homebuyers with some type of equitable recapture provision which will maintain the long-term affordability of the homes involved.

B. Housing Affordability in the Rental Sector

Problem Statement

Housing affordability in the rental sector is an important first step on the ladder of housing opportunities. Before most people buy their first home they usually spend several years in rented housing. Affordable rental housing is needed at different levels; from low-income families to young households trying to save up for a downpayment to purchase a home. When many households are paying as much as 50 percent of their income on rent, it is extremely difficult for them to save enough money for a downpayment to buy their first home.

An area of concern in the provision of decent and affordable housing to Californians on all rungs of the economic ladder is the failure to develop and maintain an adequate supply of housing for our low- and very low-income citizens. The problem has been compounded by the withdrawal of the federal government from the housing arena, the elimination of favorable tax incentives for multi-family housing investment, the diminution of favorable financing for low-income housing construction, the presence of rent control and the increasing difficulty to win local community support for affordable rental projects.

Since the late 1970s, growth in direct funding for federal housing programs has been cut back sharply, as evidenced by the national budget authority of the Department of Housing and Urban Development, which has shrunk from over seven percent of the total federal budget in 1978 to only one percent of the 1988 budget. Additionally, no new funding has been authorized for urban development action grants, another source of money which has often been used to build or rehabilitate low-income housing. What little federal funding that is left has been shifted away from the construction of low-income units toward providing direct subsidies to the low-income tenant. But unless the government is willing to provide deeper and deeper tenant subsidies, these families will eventually no longer be able to find housing for which their vouchers will provide adequate coverage.

The private sector has less reason than ever to bail out the government and invest time and money into low-income rental production due to the Tax Reform Act of 1986 which eliminated several favorable incentives for rental housing investment. Moreover, tax-exempt bonds, which, heretofore provided a pool of affordable financing have been severely curtailed and may even be cut off altogether.

Notwithstanding the financial disincentives, private developers often face a host of local political and regulatory hurdles as well. Article 34 of the California Constitution, passed by the electorate in 1950, requires that proposed government-assisted low income housing projects receive voter approval and such elections are sometimes difficult to win. Further, the anti-development climate which has surfaced in hundreds of communities throughout the state also disfavors high density multi-family housing development.

These trends will continue to impact the market such that rents for existing units will continue their upward spiral. The supply is expected to diminish further given that the state stands to lose approximately 100,000 low income rental units over the next decade if property owners decide to opt out of their HUD mortgage subsidy contracts. As a result, some communities will feel additional pressures to adopt or strengthen rent controls.

Eighty California communities already have some form of residential rent control. Sixty-four of these jurisdictions limit only mobilehome rents. Despite the fact that most ordinances exempt new construction from rent control, developers and lenders remain wary of rent-controlled communities. Furthermore, since the return on investment is limited, some landlords are forced to reduce maintenance service in order to maintain cash flows. Rent controls also lower property values and erode a community's tax base. Finally, it appears that rent controls do not preserve the affordable housing stock for those who are most in need of it.

Housing Policy Task Force Recommendations

The California Association of REALTORS® supports governmental policies which encourage private investment in rental housing, with particular emphasis on increasing the supply of affordable rental housing.

- We support the creation of a state program modelled after the federal Section 8 housing voucher program to assist low-income renters.
- We are concerned about the difficulties inherent in developing low income rental housing given today's economic and political realities and therefore support a reevaluation of the original purposes of the Article 34 process with a view toward reevaluating the role of the electorate and the need for site-specific elections.
- We support the extension and appropriate expansion of tax incentives (e.g., property tax forgiveness, income tax credits) for private entities constructing low-income housing units.
- We encourage policies which would promote voluntary extensions of federal subsidy rental agreements.
- We support the development of new government approaches to financing rental housing such as the use of taxable obligations, deferred payment programs and other mechanisms.

The California Association of REALTORS® believes that rent control is a policy response which is counterproductive to state affordable housing goals. Rent controls discourage investment in rental housing construction and force many existing landlords to reduce maintenance of the building in order to produce an economic return.

- We support a constitutional amendment which would exempt all new housing production from rent control.
- We encourage further investigation into the concept of "needs-based" rent control which would be applied in areas governed by stringent rent controls (e.g., rent control which does not allow for vacancy decontrol).

The California Association of REALTORS® acknowledges that the problems faced by low income renters and homeless people represent pressing concerns for society as a whole. Further, solutions that encourage direct private sector involvement in this endeavor and ensure adequate public funding from broad-based sources, are warranted.

- We encourage the development of private and public-funded programs to assist low income renters with security deposit and rent guarantee programs.
- We encourage an exploration into the possibility of local Boards or C.A.R. sponsoring or forming a non-profit housing foundation to provide housing assistance or to promote the construction and preservation of low-income housing.
- We endorse the concept of local housing partnerships and encourage local Boards to provide the leadership in their communities to bring together all private and public resources in support of housing.
- We encourage local Boards to identify the needs of homeless people within

their jurisdictions and voluntarily join with other organizations to address these needs.

C. **Local Land Use Planning, Property Rights and Environmental Issues**

Problem Statement

California boasts a strong tradition of local control over planning and development decisions evolving from the Planning Act of 1929 which formalized the master planning process at the local level. Over the years, California's planning laws have undergone refinements and modifications, but the local general plan continues to serve as an expression of community goals regarding development.

Local government policies regarding housing are articulated in the housing element of a city or county general plan. In preparing or amending its housing element, a locality is directed to identify all housing needs within a community and plan accordingly to meet these needs. Housing element policies are then implemented via zoning ordinances and development decisions executed by the local elected body. Hence, the key to solving housing affordability problems in California lies, to a significant extent, with the 500 + units of local government who wield tremendous control over the regulatory process governing housing development.

In addition to promoting a local planning process, the state has played a leading role in its efforts to protect our unique environment and natural resources. The California Environmental Quality Act (CEQA) was enacted in 1970 and was intended, in part, to "ensure the long term protection of the environment consistent with the provision of a decent home and suitable living environment for every Californian."

Further, California voters created the California Coastal Commission in 1972. Various regional entities have also been created, some that have enforcement powers--such as the Bay Conservation and Development Commission (BCDC), the Tahoe Regional Planning Agency (TRPA) and various air quality management districts--and some that exist as planning forums for regional issues--such as the 25 councils of governments throughout the state.

In the midst of this regulatory array, voices calling for the protection of private property rights are largely drowned out by louder and more diverse voices who argue in favor of environmental and community protection policies. The courts have provided only limited relief in this area, acknowledging government's role in protecting health, safety and welfare values as superior to constitutional protections afforded to property owners.

Over the past five years, the planning process has become increasingly politicized as citizens, more than ever, are paying close attention to development decisions made by local officials. We've seen convincing evidence that the electorate is willing to turn to the ballot box if local planning and development policies are not to their liking. Elected officials, understandably, feel they must remain responsive to their constituencies, and the resulting downzoning and slow-growth policies adopted over the past several years reflect this pragmatic responsiveness. However, short-term pragmatism does not necessarily ensure adequate planning for the future.

After sifting through the maze of regulatory and procedural protections, downzonings and growth control initiatives, some housing does get built in California. However, given that the price of wood, nails and construction loans are effectively the same throughout the nation, studies have shown that these procedural requirements contribute significantly to California's skyrocketing housing costs.

The cost of a developed lot as a component of new housing prices has soared. Some estimates suggest a near doubling in land costs in California as a proportion of total sales price. Further, given the complexity, length and unpredictability of the development review process in California, construction financing costs have risen as well.

Despite this array of regulatory protections and planning procedures, concerns about air quality, water quality and traffic congestion have intensified in the public consciousness. Upon closer inspection, it is evident that many of these issues are beyond the scope of a single local government and represent regional or sub-regional concerns. As we approach the next decade, our elected officials will be challenged to mediate between California's responsibility to accommodate population growth and related housing needs, the constitutional obligations to respect the protections afforded private property owners and environmental and resource protection needs.

Housing Policy Task Force Recommendations

The California Association of REALTORS® believes that government should, wherever feasible, be vested at the local governmental level. The California Association of REALTORS® acknowledges that certain issues transcend municipal boundaries and supports meaningful, results-oriented planning at the state, regional and local levels to address air quality, water quality, waste treatment and disposal, transportation and housing.

- We support the process of allocating housing needs throughout a region and we support the creation of incentives to encourage all communities to do their fair share in addressing regional housing needs.
- We concur with a 1987 California Attorney General opinion which suggests that a council of governments, when determining a locality's share of the regional

housing need, should use both existing and projected housing needs on a demographic basis, rather than predicating their projections on existing growth limitations, zoning ordinances or land use restrictions.

- We support the concept of requiring consistency between local plans and regional plans in the area of air quality, water quality, waste management and disposal, transportation and housing.
- We support the concept of sub-regional planning, recognizing that housing markets and job opportunities extend beyond municipal boundaries and that cities and counties can engage in cooperative planning on interjurisdictional issues, with a particular view toward promoting a balance between jobs and housing and meeting infrastructure needs.
- We support the continuation of the general planning process as a means to prepare for the future needs of a community and call for greater reliance on an internally consistent and regularly updated general plan as the policy road map for all localities.

The Association supports the state's objectives in ensuring safe and adequate housing for all Californians. Therefore, in the area of housing provision, the Association believes that certain decisions cannot remain entirely within the purview of local government.We support an expansion of the state's role in offering incentives to encourage local government achievement of housing element goals provided that authority is vested in an entity operating with a set of consistent, equitable, and objective guidelines.

- We support legal challenges against local policies which threaten housing opportunities.
- We encourage a full exploration of approaches that would prioritize or otherwise direct state funding to those communities that have housing policies which are considered restrictive or exclusionary in nature.

The California Association of REALTORS® supports innovative local planning, zoning, and development practices which promote the production of affordable housing.

- We support zoning that promotes a balance of housing and open space and reduces the per-unit cost of housing (e.g., clustered housing, zero lot lines, flexible set-backs and parking standards).
- We support innovative product design, updated building codes and new construction technologies that reduce the cost of housing.
- We encourage the use of local policies which add certainty to the development process such as development agreements and vesting tentative maps.
- We support the installation and construction of manufactured homes on single-family lots subject to no greater regulatory oversight than that applied to stick-built housing if consistent with reasonable aesthetic standards developed within the community.
- We support the integration of special housing needs into mainstream communities through such means as senior residential planned development zones, second unit ordinances and multi-family housing.
- We support local measures and policies which streamline the development process for housing, particularly for those with special needs such as families with children, the disabled and senior citizens.

The California Association of REALTORS® supports government efforts to protect the environment and preserve natural resources provided that the rights of private property owners are respected in the process and just compensation is awarded when confiscatory policies result in a taking.

- We believe that property owners, who are subjected to local regulatory actions which prohibit development over a sustained period of time, should be compensated in instances of temporary takings.
- We support various financing mechanisms including the use of general obligation bonds to raise funds intended for the purchase of environmentally sensitive lands from private property owners.

The California Association of REALTORS® supports the right reserved to the people through the initiative and referendum process. However, the Association is growing increasingly concerned about the proliferation of local land use initiatives and questions the public's ability to assume this decision-making responsibility, given the often inadequate or inaccurate information available to it. Therefore, the Association will monitor proposals to reform the initiative process with a view toward protecting the integrity of land use and housing planning.

- We support the modification of statutes governing the initiative process such that the content of planning and land use measures be limited to mandating a policy direction for ultimate implementation by the local elected body in accordance with existing regulatory schema (e.g., CEQA, general planning law).
- We endorse the concept of utilizing the initiative process at the local level to achieve C.A.R.'s housing goals in appropriate instances where the local legislative process has consistently failed.

D. Infrastructure and Government Finance Issues

Problem Statement

California's infrastructure, its highways, roads, sewage and water systems, schools, prisons, and other public facilities--once the envy of many states--has now joined the ranks of the mediocre. The system which supported the tremendous population growth experienced over the last 30 years is, in many respects, overtaxed. Recent data from the National Conference of State Legislatures shows that California spends only four percent of its state budget for capital outlay, compared to a national average of almost eight percent. State and local tax revenue per $1000 of personal income fell from fourth place in 1976 to 25th place in 1986. We are dead last in the country insofar as per capita highway spending.

There's little confusion as to where the public currently stands on these issues. Opinion polls, letters to editors and noisy public hearings suggest that the public is concerned about overcrowded schools, clogged freeways and sewage spills--but they are not necessarily inclined to pay for the remedies. Instead, the public response seems to be that of withdrawal from the problem and the large number of slow and no-growth initiatives testifies to this "don't bother me and blame it on the new comer" mentality.

This lack of grass roots support for public investment, and the lack of political leadership on this issue does not bode well for the future. A Governor's task force recently analyzed our situation and found that, by 1994, deferred maintenance on public works will approach $29 billion with resultant losses in productivity, convenience, public service and fiscal efficiency. Facilities needed to support new development will total another $49 billion.

The so-called tax revolt, initiated in 1978 by the passage of Proposition 13, has saved California taxpayers over $100 billion in property tax payments. Concomitantly, however, Proposition 13 and Proposition 4 (the Gann spending limit) served as the catalyst for a restructuring of our government finance system at the state and local level. A portion of the tax savings has been lost due to increased user fees, service charges and other taxing mechanisms that have evolved since 1978. A related consequence is that a heavier portion of the residential tax burden falls to the new and repeat homebuyers.

Given the inflexibilities imposed by Proposition 13 and the Gann spending limit, and given public attitudes toward tax increases to support infrastructure financing, four phenomena have become apparent: deferred maintenance is the norm, necessary new facilities are not being built, what is being built is largely supported by development fees and the inequitable tax bill gap between the pre-1978 homeowners and post-1978 homebuyers is widening.

Housing Policy Task Force Recommendations

The California Association of REALTORS® supports a government finance system which balances current requirements against the need to invest in projects which support the future growth and vitality of the state.

- We believe many of our state's most pressing growth-related problems stem from a significant under-investment in infrastructure over the past several decades and we call for a renewed public commitment to capital investment in the 1990s.
- We believe that certain provisions of Proposition 13 and Proposition 4 need to be reviewed in light of changes in the California fiscal environment, particularly given the growing disparity between residential property tax payments and the shortage of funds dedicated to public facilities.
- We call for the creation of a diverse coalition of business interests, government agencies, trade associations and public interest groups to join together in a review of the State's government finance system in the interest of addressing the state's current and anticipated infrastructure needs.
- We support a broad-based and equitable property tax system that is reserved primarily for providing services related to real property and are willing to explore alternative non ad valorem revenue raising vehicles.

E. Community Revitalization and Housing Rehabilitation Issues

Problem Statement

The census and studies conducted by the state indicate that most California households live in a "decent home and a suitable living environment" in keeping with state housing goals. A majority of these homes are less than 25 years old and have at least two rooms for each household member. A vast majority have central heating and complete plumbing facilities.

Despite the attainment of these standards, there still remains a portion of California's housing stock--approximately one million units--in need of substantial rehabilitation or replacement. Further, a good portion of the housing most in need of rehabilitation is located in lower-income neighborhoods where overcrowding is more commonplace, placing greater strains on the life expectancy of a dwelling unit.

Given California's relative "youth," its housing stock is younger than that of the rest of the nation. However, that segment of California housing which is 30 years and older is growing and is frequently occupied by elderly individuals who have less resources available for ongoing maintenance.
Aging communities undergo revitalization through spontaneous market driven forces--e.g., gentrification--and through government initiated forces--e.g., redevelopment. Gentrification, in some instances, proves to be an effective catalyst for channeling private resources into needy communities but often results in a loss of affordable housing stock. The redevelopment process, on the other hand, is supposed to promote housing opportunities given statutory requirements to set aside 20 percent of their tax increment revenues to construct or rehabilitate affordable housing.

In addition to this natural aging of the housing stock, state and local attempts to rehabilitate existing buildings to meet seismic safety standards are causing dislocations among the low income rental stock in some urban areas. Throughout the state, it is estimated that there are 50,000 dangerous, unreinforced masonry buildings. In Los Angeles, alone, it is estimated that 44,000 dwelling units are located in these types of buildings. However, though they need to be rehabilitated in anticipation of future earthquakes, doing so becomes politically and economically complicated given the enormous costs associated with seismic retrofit and the need to evict and relocate tenants in the process.

REALTORS® have a vested interest in monitoring and supporting local housing rehabilitation efforts because of the importance of conserving every viable unit of our precious housing stock. Further, private and public incentives to rehabilitate housing promote the vitality of neighborhoods -- the "community" which REALTORS ultimately sell.

Housing Policy Task Force Recommendations

The California Association of REALTORS® recognizes the importance of attaining standards set by building codes as a means of consumer protection and community preservation.

- We support local government efforts to take necessary actions to render rental housing safe and habitable in instances where the health and safety of residents is seriously endangered.
- We support local governmental efforts to promote reasonable compliance with building codes but oppose policies and practices which violate the rights of tenants and property owners, delay the property transfer process and impose unnecessary costs on private citizens.
- The California Association of REALTORS® supports governmental programs which provide incentives for private property owners to maintain and rehabilitate existing housing.
- We support housing and seismic rehabilitation programs financed through broad-based mechanisms such as general obligation bonds and state general funds which allow private property owners to take advantage of low interest loan opportunities or tax incentives.
- We support the aggressive utilization, within a specified time frame, of tax increments earned by redevelopment agencies to support housing rehabilitation and replacement programs within the sub-region.
- We support greater incentives for programs which rehabilitate existing houisng including Neighborhood Reinvestment services, the CHFA's rehabilitation loan program, the use of block grant funds for housing rehabilitation and other public-private efforts.
- We encourage the exploration of fee waivers and tax forgiveness for housing rehabilitation projects in target areas.
- We encourage the development of local/state assisted financial aid programs to provide tenant relocation assistance when the rehabilitation or repair of a building is necessary to protect the health and safety of its inhabitants.

V. Conclusion and Recommendations

For the first time in a decade, housing is ascending as an issue of national concern. Congressional attention is focused on the prospect of new federal housing legislation planned for introduction in 1989. Media attention has been effective in bringing the crisis of homelessness to the public consciousness. Further, the declining homownership rate has highlighted the erosion of an economic opportunity toward which generations of Americans have worked.

Housing advocates have been quick to "seize the moment" and capitalize on this opportunity. We are hearing about a number of needed programs and solutions that require funding and implementation at all levels of government. Housing solutions as we approach the 1990's, however, require a concerted partnership between government and the private sector. Even if tax dollars were available the private sector should not expect the government to buy us out of the problems of homelessness, overcrowding and substandard housing.

Seldom, during the 83-year history of the California Association of REALTORS®, have we been presented with such an opportunity to influence the course of public and political opinion about the future of housing. Seldom has our challenge been so overwhelming given the dearth of financial resources available. We in the private sector must work hand in hand with government to marshal all available resources--financial, regulatory, legislative, legal, volunteer--to achieve housing opportunities for all Californians.

What follows are five recommended actions describing how REALTORS® can contribute positively to a resolution of California's housing problems:

First, all REALTORS® are encouraged to thoroughly read this housing policy document and familiarize themselves with the issues and problems presented herein. Additionally, members are invited to fully explore and understand the recommended policy actions, so that once this report is adopted in its amended form, all members can serve as ambassadors representing a new housing policy for C.A.R.

Second, REALTORS® can contribute by promoting the development of housing policies at their Boards. Many of the policies articulated in this document require commitment and involvement by local government. Local Boards are encouraged to begin the internal discussions which will prepare them for full involvement in housing policy actions initiated by their cities and counties.

Third, REALTORS® can contribute by supporting the activities of non-profit housing assistance programs already underway in their communities, or by assisting in the creation of such programs. Experience has shown that these private efforts have effectively helped to fill the gap left by the retrenchment of the state and federal government in this area. REALTORS® have been successful in the past in effecting change through contributions of money, time and their business expertise to such endeavors.

Fourth, REALTORS® can contribute by working for the election of officials to city and county government who are far-sighted about the housing needs of their communities and who eschew short-term solutions to satisfy the desires of vocal constituents. Additionally, REALTORS® must make a concerted effort to endorse efforts of supportive officials and to build support for pro-housing policies throughout the community.

Finally, REALTORS® must work to position themselves as housing advocates in their community by participating in public/private housing coalitions, by calling public and media attention to housing needs, and by promoting land use, zoning, and other regulatory policies which favor the development of housing opportunities for all income groups.

The challenges of the 1990's cannot be taken lightly. REALTORS® have the future of our industry, our communities, and our children's housing opportunities at stake.

APPENDIX D

Background Material on State Legislative Growth Management Bills, and Regionalism

1. Senate Committee on Local Government, California Legislature, "Challenges and Opportunities: A Working Paper for the New Regionalism Project," September, 1988.

2. Senate Committee on Local Government, California Legislature," 1989 Growth Management Legislation."

3. Assembly Committee on Local Government, California Legislature, "Proposed Cortese Legislation Related to Growth."

4. Bilbray, "Proposition C: Regional Planning Protects Quality of Life," California Planner, June, 1989.

5. Southern California Association of Governments, "An Overview of SCAG's Plans," October, 1988.

6. San Francisco Chronicle. Series of Articles on Regionalism in Bay Area, February, 1989.

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California Legislature

SENATE SELECT COMMITTEE

ON

PLANNING FOR CALIFORNIA GROWTH

Senate Committee
on
Local Government

SENATOR MARIAN BERGESON
CHAIRMAN

CHALLENGES AND OPPORTUNITIES

A Working Paper for the "New Regionalism" Project

September 1988

SENATE SELECT COMMITTEE ON PLANNING FOR CALIFORNIA'S GROWTH

Senator Marian Bergeson, 37th District, Newport Beach, Chairman

Senator Ruben S. Ayala, 34th District, Chino

Senator Wadie Deddeh, 40th District, Chula Vista

Senator Quentin Kopp, 8th District, San Francisco & San Mateo

Senator Rebecca Q. Morgan, 11th District, Los Altos Hills

Senator Jim Nielsen, 4th District, Rohnert Park

Senator Robert Presley, 36th District, Riverside

SENATE LOCAL GOVERNMENT COMMITTEE

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Credits: This working paper and its appendix were prepared by Gary Jerome, consultant to the Senate Select Committee on Planning for California's Growth, and Peter Detwiler and Leslie McFadden, consultants to the Senate Local Government Committee.

CHALLENGES AND OPPORTUNITIES

Stung by the continued success of ballot box planning, the California Legislature is beginning to realize that growth management is not just a local struggle but a statewide political issue.

State Senator Marian Bergeson chairs the Senate Select Committee on Planning for California's Growth and the Senate Local Government Committee. Last fall, her Select Committee sponsored two conferences on growth issues; one in Irvine, the other in San Jose. Since then Senator Bergeson has spoken to more than a dozen groups about the consequences of ballot box planning and the need for new state leadership. This fall, she has directed the staffs of the two Committees to explore alternatives which might be converted into legislation in 1989.

Starting in late September, legislative staff members will meet with four task forces to investigate which proposals might gain a political consensus. These small meetings - approximately 25 invited participants in each group - will occur in Sacramento, the Bay Area, Los Angeles, and Orange County. Following the first round, the staff will prepare a short list of possible legislative responses. A second set of meetings in early November will allow the invited participants to react to the alternatives.

The comments from the two rounds of meetings will focus attention in preparation for a formal joint hearing by Senator Bergeson's two Committees. The hearing, **"Local Decisions, Regional Needs, and Statewide Goals,"** will be on December 13 in Sacramento.

Growth management in context. Public officials, business leaders, planners, and citizens grapple with growth issues with only limited success. Some react against growth because of their concern for natural resources. Others respond because of their commitment to economic development. Still others worry about increasing sprawl. These mixed reactions to growth demonstrate the multiple origins of the growth management movement.

In explaining the origins and evolution of growth control, land use attorney Robert Freilich traces the current confusion to "five major national crises" over the last 20 years:

- The **urban crisis,** characterized by abandonment of central cities, depopulation, and suburban flight.

- The **environmental crisis,** symbolically beginning with Rachel Carson's Silent Spring in 1962.

- The **energy crisis,** in which high oil prices in the mid-1970s coincided with the decline in personal incomes.

- The **tax revolt** of the late 1970s which restricted public agencies' ability to pay for infrastructure.

- The **land use** concerns for open space and farmland lost to rapid suburban expansion.

Because of its multiple origins, the topic of growth management does not lend itself to simple solutions. Attempts to manage growth must acknowledge the web of competing public policies and private goals. Agencies and industries disagree over possible solutions because they disagree over how to define the problem. Meanwhile, California voters respond with local ballot measures.

Ballot box planning is likely to remain an important feature of the political landscape. As long as voters disagree with their elected representatives about the nature, timing, pace, and costs of growth, they will react with initiatives and referenda. "Californians aren't anti-growth," Senator Bergeson claims, "But they are opposed to its bad results." She cites highway gridlock, crowded public facilities, high developer fees, and more smog as the results of poorly planned and poorly financed development.

Three consequences. Unless state and local elected leaders change their decisions, Bergeson predicts three reactions, none of which she finds desirable. **First,** frustrated local voters will pass more anti-growth measures. So many of them may pass so close together that they will form a critical economic mass in a region. Taken together, their effects can gradually slow the region's economy. This ebbing of economic vitality means fewer housing starts, slowing job creation, and constricting economic opportunities. California's economy will have a harder time absorbing new immigrants and promoting fresh talent.

A **second** likely result is a political coalition of local efforts behind a statewide ballot initiative. With the 1972 Coastal Initiative as precedent, local groups could combine to qualify a statewide proposition to restrict development. Poorly drafted measures can produce unintended results which are nearly impossible to correct. Careful consideration can be overwhelmed by strong emotional appeal.

In its recent editorial on growth management, the Los Angeles Times said, "California leaders cannot afford to abdicate the field to an initiative that might narrowly restrict housing and building construction without addressing other issues that are linked inextricably to growth and development."

The **third** possible outcome is based on the first two. Worried by the prospect of stagnant regional economies and frightened by the possible success of a statewide growth initiative, builders and the investment community could pressure Sacramento into taking control away from local elected officials. The authority to regulate land use constitutionally belongs to the California Legislature which has traditionally delegated its power to cities and counties. But what the Legislature gives, it can take away. State commissions, not local officials, now regulate land use around the San Francisco Bay, in the Lake Tahoe basin, and along the coast. In other states, local control has given way to statewide policies and regulations.

The "New Regionalism." From the late 1950s and into the early 1970s, blue ribbon commissions and academic experts prescribed regional government as the way to cope with problems that extended beyond local communities. They recommended forming new regional institutions to rationalize the untidy mess of overlapping local governments and state agencies. They advocated new regional plans to supersede local efforts. They suggested that a single statewide solution could solve the different problems faced the California's diverse regions. But regionalism ran into opposition from political conservatives who feared big government and from local officials who feared a loss of home rule. The few supportive constituencies often dropped out when legislative compromises weakened the proposed metropolitan agencies.

Although generally unsuccessful, these efforts still had their limited accomplishments. As the **Appendix** to this paper reports, several single-purpose regional agencies exist today. The California Legislature recognized that local governments could not (or would not) handle problems which spread over several communities. The next section of this paper describes four of those regional issues.

The "New Regionalism" acknowledges that the problems caused by growth are beyond the boundaries, political ability, and fiscal resources of local communities. Most local elected officials operate from political bases that require them to place local gains ahead of regional responsibilities. Communities compete with each other for the same revenue producing land uses: retail malls, warehouses, and expensive homes. They avoid the locally unpopular land uses that threaten their political futures: affordable housing, solid waste facilities, and jails.

As long as the state's overall economy remains healthy, relative to other states and the Third World, people and capital will continue to come to California. But when communities or regions refuse to receive development, growth pressures do not stop, they just shift. Housing pressures in Riverside and San Bernardino are related to housing costs in Orange County. Land prices in coastal counties are related to economic expansion in the smaller metropolitan regions of Bakersfield, Fresno, Sacramento, and

Santa Rosa. When some communities dodge their duties, others face heavier burdens.

Last month the Los Angeles Times editorialized that, "Officials will have to reach beyond the usual array of suggested solutions. ... Reluctant city and county governments must either be enticed to cooperate or required to. This is a crisis in which no entity can go it alone."

Senator Bergeson's "New Regionalism" looks for ways that communities can accept their regional responsibilities without direct state intervention.

REGIONAL PROBLEMS AND NEEDS

California has a tradition of strong local planning statutes reaching back more than 30 years. Its complex system of local land use planning and environmental review directly influence development decisions. Further, state agencies have adopted functional plans containing statewide goals and policies. But gaps remain between local decisions, regional needs, and statewide goals. These gaps are most visible in four particular issues: housing, transportation, public works, and air quality.

Regional Housing Allocations. California's housing policies depend on local decisions for their implementation. To coordinate housing decisions with other local developments, in 1967 the Legislature mandated that city and county general plans include housing elements.

Among the purposes of the housing element is to "ensure that each local government cooperates with other local governments in order to address regional housing needs." The statute recognizes that local communities are best able to determine their own housing efforts, as long as they are "compatible with the state housing goal and regional housing needs" (Government Code §65581). Accordingly, a key feature of each housing element is an assessment of the community's share of regional housing needs.

But cities and counties are not meeting the statutory requirement to plan for their share of regional housing needs. Further, they may not be fulfilling the the goals they identify. According to the state Department of Housing and Community Development which reviews city and county housing elements, only 45% of the draft documents and 41% of the adopted documents are "in" or "near" compliance. The Department found that nearly 40% of the draft documents and 16% of the adopted documents were "out" of compliance. More disturbingly, nearly 11% of all the housing elements (both draft and adopted) were "obsolete," even years after the legal deadlines had passed.

In the six counties covered by the Southern California Association of Governments (SCAG), the deadline for adopting housing elements was July 1, 1984. But HCD's records show that many Southern California communities still have obsolete housing elements. Some are cities with low-income populations: Compton (1981), Cudahy (1980), and Holtville (1979). But many others are affluent communities: Beverly Hills (1979), Hidden Hills (1982), Palos Verdes Estates (1980), Rancho Palos Verdes (1982), and Indian Wells (1981).

Similar shortcomings exist in the San Francisco Bay Area where several communities have not complied with the 1985 state deadlines: Atherton (1980), Burlingame (1982), Emeryville (1980), Mountain View (1982), Pinole (1982), Redwood City (1982), Woodside (1983).

But for communities which prepared housing elements, HCD believes that some are out of compliance with statutory requirements. Of the 229 draft elements received by HCD, 39.7% are out of compliance. This compares to 16.2% of the 278 adopted elements received by HCD.

Without adequate local planning for housing actions, it is impossible to tell if communities are meeting regional housing needs or statewide policies. Absent any clear connection between local decisions, regional needs, and statewide goals, the public cannot tell if local officials are fulfilling their statutory obligations. Further, it is extremely difficult to measure the effects of ballot box planning on regional housing markets.

In 1988, Senator Bergeson introduced **Senate Bill 2072** to strengthen the state's review of local housing elements. The bill would have required HCD to be more detailed in its review of housing elements. It would have required local officials to respond to HCD's specific comments. Finally, the bill would have required state officials to give preference to communities with valid housing elements when they hand out state grants for water, sewer, and park projects. The Assembly Housing and Community Development Committee defeated SB 2072 in the face of opposition from the League of California Cities, the County Supervisors Association of California, and the California Association of Realtors.

Transportation and Land Use. Traffic congestion is not just an issue concerning adequate funding for transportation improvements, but is increasingly a problem arising from how land uses are organized over physical space; a land use planning issue. The typical California pattern of suburban development has dispersed jobs and housing throughout metropolitan areas, making transportation a regional problem. The lack of consistent transportation management policies across neighboring communities undermines the policies' effectiveness. Moreover, regional planning agencies lack both the authority to manage regional development and the resources to implement improvements. The problems of traffic congestion transcend local government boundaries but regional agencies are powerless to solve them.

For more than a decade, state and federal agencies have been disengaging from financing the public works necessary to support local development. Local governments have tried to take up the slack by imposing developer fees, gaining voter approval for local tax increases, and other techniques to finance transportation improvements.

But shifting greater responsibility to local governments for funding transportation improvements has further fragmented transportation planning and programming. New transportation authorities are formed to raise, manage, and allocate the revenues from successful sales tax initiatives. Transportation priorities follow the availability of local revenues instead of following statewide or regional policies. Communities compete for commerce and jobs because they generate revenues, but local officials have little incentive to promote the residential development which could reduce commutes and the resulting traffic congestion.

State law requires local governments to include circulation elements within their general plans. In many communities circulation elements focus merely on surface transportation: arterials, collectors, and local streets. Local transportation planning could be strengthened by requiring circulation elements to include:

- An analysis of transportation capacity.
- A program of transportation demand management (mitigation).
- A program of transportation system management.
- Transit facilities and services.
- A review of the consistency of the local general plan with the adopted Regional Transportation Plan (RTP).

Generally, regional transportation plans (RTPs) are not coordinated with local general plans. Regional transportation planning agencies could strengthen their work by requiring:

- Regional transportation plans to be reviewed for consistency with city and county general plans.

- RTPs to assess the effects of general plans' land use elements on regional transportation capacity.

- RTPAs to review major development projects within the region for their effects on traffic. If the regional traffic effects are unacceptable, the RTPA could block development.

Because public policy tends to follow the pursestrings, regional planning could be strengthened by establishing sources of revenue for RTPAs to pursue high priority regional needs. Examples include:

- Shifting a share of local tax increment revenues to a regional transportation fund for allocation to high priority regional projects. This would provide revenue for regional transportation facilities while reducing the incentive for local governments to approve commercial and industrial development solely for the revenue gains.

- Assigning priority to projects in the STIP that are consistent with regional priorities and minimize regional congestion.

- Abolish the "county minimums" in favor of "regional minimums," or set aside a portion of the north/south split for allocation by RTPAs without regard to county minimums.

- Give priority to projects in the STIP from local governments that meet the requirements of their general plans' housing elements.

While RTPAs coordinate transportation planning, no regional agency is empowered to perform regional land use planning. Land use and transportation planning might be more effectively linked if the RTPAs (whether LTCs, COGs, or some new entity) also made regional land use decisions. They could consist of a regional growth management plan integrating transportation and land use elements. Further, the land use and transportation elements of local general plans should be consistent with this regional plan. Additional powers for this regional agency might include: new authority to tax and levy fees, new authority to regulate development and allocate growth within the region.

Caltrans must submit to the California Transportation Commission a review and evaluation of RTPs and RTIPs and the conflicts between them. This is about as close as either the Department or Commission comes to long-range transportation planning. Accordingly, there are no statewide policies to integrate the planning activities of local governments, RTPAs, transit districts, and the California Transportation Commission. Transportation planning at the local and regional level could be strengthened if a state agency performed long-range strategic planning including:

- Setting long-term transportation goals and objectives.
- Projecting long-term capacity and shortfalls by region.
- Developing alternative transportation strategies to meet statewide transportation objectives.
- Evaluating programming decisions against the strategic plan.

In addition, state and regional transportation planning would improve if the state raised new revenue to support a state-only transportation improvement program.

"Fiscalization" of Land Use. Always related, fiscal decisions and land use choices have become the Siamese Twins of public policy in the 1980s. Each issue is inevitably intertwined with the other. Sometimes they share each other's vital organs; in this case, infrastructure. They always share the same circulatory system, which is money. Like real Siamese Twins, severing the connection which binds them runs the risk of being fatal to one or the other.

The connection between private development and public revenues is more apparent to local officials in the 1980s because of federal and state decisions made over the last 15 years. Large scale private development - housing tracts, shopping centers, industrial parks - have always required public investment for infrastructure. Schools, major roads and freeway interchanges, sewer and water systems, are just a few of the public works which have supported private investment in development. But the traditional assistance from federal and state agencies in paying for major infrastructure has declined dramatically.

Local governments must find new revenues to make up the difference, just at the time when their general revenues face other competing demands. In consequence, local officials' land use decisions are increasingly driven by concerns for public financing and public facilities. Dean Misczynski, one of the keenest observers of the connection between development and finance, calls this trend the "fiscalization" of land use.

Misczynski notes that the federal and state transportation officials have disengaged themselves from financing improvements that primarily benefit new development. With construction dollars buying less, transportation policy changed and now looks to local or private sources to pay for highway interchanges and overpasses designed to open up land for new development.

Federal disengagement is also apparent in the funding of sewer lines and sewage treatment plants. Where the Environmental Protection Agency used to contribute 75% of a capital project's costs, the federal share is now just 55%. Further, the federal contribution is no longer a direct grant but a long-term loan. California communities must look to other sources, especially builders, to fill the funding gap left by federal disengagement.

A similar trend exists for the more complicated situation faced by local officials who need to build new schools. Although new statewide bond issues may deliver as much as $1.6 billion for construction and rehabilitation of new schools, local officials are pressing builders to pay for the facilities their developments demand.

Prompted by local officials, developers, and the investment community, the Legislature has created a wide variety of new funding devices and improved the usefulness of several existing mechanisms. Expanding the use of traditional benefit assessments, clarifying the statutes on local fees, and providing procedures for local special taxes are all important changes which the Legislature has passed. These new or improved revenue raising techniques have helped local officials find ways to pay for local and neighborhood-scale public works. But the major problem which remains is how to pay for large, community-scale infrastructure needs.

To raise substantial sums of public capital for public works leads, inevitably, to issuing bonded debt. Large-scale developments offer the size needed to attract investors in public works bonds. But the very attractiveness of large-scale development directly influences local officials' land use decisions.

Misczynski notes that local officials must abandon the hope that federal and state agencies will ever return to their former roles as "fairy godgovernments," sprinkling public works dollars on new development. He worries that fiscal and land use decisions will become "Balkanized" as individual local agencies try to improve their own positions in the debt market and in the regional real estate market. And, finally, Misczynski is troubled by the issue of distributional equity. Rich communities can use their current positions to attract additional investment and public capital while poorer towns may never be able to compete for the funds they need.

These forces, which Misczynski describes as the "fiscalization" of land use, threaten to spin apart regional cooperation. They pit communities against one another in the struggle to approve only fiscally sound development and shun land uses which do not produce revenue and pay for public works.

Air Quality and Development . The link between air quality and development illustrates both the need for communities to accept their regional responsibilities and the problems in translating those needs into politically acceptable solutions. Local officials agree that air quality problems do not end at county boundaries. They agree that rapid population growth and development threaten air quality. But California continues to rely on local officials and county air pollution control districts to solve most air pollution problems. This approach has not been effective in linking air quality and development because a critical piece of the equation is missing: land use.

Local officials are not required to assess the effects of their land use and transportation decisions on regional air quality. Projected population increases in areas of the state with severe air quality problems will further aggravate the problem. Likewise local officials have resisted air pollution control districts' efforts to gain more authority over land use decisions. To date, only the South Coast Air Quality Management District has authority to regulate indirect sources. When granting the SCAQMD this authority last year, the Legislature explicitly precluded the SCAQMD from using this authority to infringe on local land use powers (SB 151, Presley, 1987).

One possible solution is to focus on city and county general plans, because they guide local development decisions. In addition to the seven general plan elements state law requires these documents to contain, local officials can add other optional elements. Using this authority, close to a dozen cities and one county have adopted **air quality elements.** But most of the local governments in California which have exceeded federal air quality standards for ozone or carbon monoxide have not taken this step. The Legislature could require cities and counties to prepare air quality elements if the communities were in the dirtiest air basins. This proposal would link regional regional air quality policies with local land use and transportation decisions. Such a proposal also maintains "home rule" without direct state intervention in local land use decisions.

Another approach would be to follow the Environmental Protection Agency's policies of imposing construction bans on major new sources in communities with the dirtiest air, or to withhold grant funds until a community could demonstrate that it had made progress toward cleaner air. This solution directly involves the state in local development decisions.

In linking air quality policy and local land use policy, key issues for discussion include: should another public agency oversee local land use decisions? Should the Legislature build on existing organizations? Or should it establish new agencies instead of counties as the basic decision-making unit for air pollution? Should the focus be on planning for clean air or should the state concentrate on development permits?

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March 28, 1989

1989 GROWTH MANAGEMENT LEGISLATION

The Senate Local Government Committee has compiled the following list of growth management bills, constitutional amendments, and resolutions. The legislation is classified into seven subject areas: Affordable Housing; Air and Water Quality; Governmental Organization; Land Use and Permits; Local Agency Finance; Regional Governance; and Transportation.

Affordable Housing

SB 727 (Leroy Greene, D-Sacramento) Expands a city or county's housing element within the general plan to include consideration of the regional jobs/housing balance. STATUS: Senate Housing and Urban Affairs Committee.

SB 966 (Bergeson, R-Newport Beach) Rewards those cities and counties which follow the state's policies on affordable housing by giving them a preference for future development grants. STATUS: Senate Housing and Urban Affairs Committee.

SB 1278 (Seymour, R-Anahiem) Creates the Housing Fund Committee to determine the eligibility of cities and counties for housing assistance from the Department of Housing and Community Development. Decisions will be based upon the entity's compliance with state guidelines within the housing element of the local agency's general plan. STATUS: Not yet assigned to committee.

SB 1279 (Seymour, R-Anaheim) Links a local agency's compliance with state housing guidelines to the agency's ability to spend revenues from developer fees. STATUS: Not yet assigned to committee.

SB 1280 (Seymour, R-Anaheim) Requires a local agency that is planning to reduce its low income or affordable housing to file an Economic Impact Analysis. STATUS: Not yet assigned to committee.

SB 1282 (Seymour, R-Anaheim) Expands the housing element of a local agency's general plan to include specific reporting requirements relating to low income and affordable housing. STATUS: Not yet assigned to committee.

AB 145 (Costa, D-Fresno) Establishes the California Wildlife, Park, Recreation, Coastal, and Museum Bond Act of 1990. Local agencies must have a valid housing element to receive bonds under the Act. STATUS: Assembly Natural Resources Committee.

AB 447 (Bradley, R-Escondido) Authorizes a county to contract with a city for the construction of low to moderate income housing. STATUS: Assembly Housing and Community Development Committee.

AB 1002 (Eastin, D-Union City) Creates the Jobs Housing Balance Act of 1989. STATUS: Assembly Local Government Committee.

AB 1251 (Bader, R-Ontario) Extends the sunset clause of the Local Agency Housing Infrastructure Act, relating to low and moderate income housing. STATUS: Assembly Local Government Committee.

AB 1252 (Bader, R-Ontario) Extends the sunset clause requiring a study by the California Debt Advisory Commission of the Local Agency Housing Infrastructure Act. STATUS: Assembly Local Government Committee.

AB 1290 (Hauser, D-Arcata) Requires that cities and counties maintain an acceptable amount of low and moderate income housing regardless of local initiatives which may have passed regulating growth. Places the burden of proof of a local agency's compliance with state housing policy on the local agency. STATUS: Not yet assigned to committee.

AB 2236 (Costa, D-Fresno) Creates the Housing Fund Committee to determine the eligibility of cities and counties for housing assistance from the Department of Housing and Community Development. Decisions will be based upon the entity's compliance with state guidelines within the housing element of the local agency's general plan. STATUS: Not yet assigned to committee.

Air and Water Quality

SB 712 (Leroy Greene, D-Sacramento) Expands air quality attainment plans to include consideration of the regional jobs/housing balance. STATUS: Senate Governmental Organization Committee.

AB 632 (Bradley, R-Escondido) Establishes the Reclaimed Water Use Facilities Bond Act to develop and maintain water or sewage facilities. STATUS: Assembly Committee on Water, Parks, and Wildlife.

AB 2203 (Cortese, D-San Jose) Requires cities and counties to include an air quality element in their general plan. Requires the State Air Resources Board to set guidelines for acceptable air quality elements. STATUS: Not yet assigned to committee.

Governmental Organization

SB 846 (Leroy Greene, D-Sacramento) Prepares for possible reorganization of the city and county of Sacramento. STATUS: Senate Local Government Committee.

SB 969 (Bergeson, R-Newport Beach) Restructures the Southern California Association of Governments (SCAG). STATUS: Senate Local Government Committee.

SB 1057 (Davis, R-Valencia) Revises existing local agency formation commission (LAFCO) guidelines to reflect growth pressures and funding shortfalls. STATUS: Senate Local Government Committee.

AB 886 (Cortese, D-San Jose) Clarifies public hearing requirements under the California Environmental Quality Act (CEQA). STATUS: Assembly Committee on Natural Resources.

AB 1512 (Farr, D-Carmel) Establishes regional "study groups" under the supervision of the Office of Planning and Research who will guide local government decision making. STATUS: Assembly Local Government Committee.

AB 2201 (Cortese, D-San Jose) Requires local agency formation commissions (LAFCOs) to consider the regional effects of a governmental reorganization. STATUS: Not yet assigned to committee.

Land Use and Permits

SB 12 (Robbins, D-Van Nuys) Prohibits a local agency from issuing a residential building permit if the proposed project is within one-half mile of a solid waste disposal site. STATUS: Senate Committee on Housing and Urban Affairs.

SB 965 (Bergeson, R-Newport Beach) Sets specific statewide goals and policies on growth management to guide local agency decision making. STATUS: Senate Local Government Committee.

AB 628 (Kelley, R-Riverside) Sets specific procedures for local initiatives which affect land use decisions. STATUS: Assembly Committee on Elections, Reapportionment, and Constitutional Amendments.

AB 655 (Jones, R-Visalia) Establishes the Agricultural Land Conservation Act of 1989. STATUS: Assembly Committee on Natural Resources.

AB 842 (Chacon, D-San Diego) Requires a city or county to analyze a local land use initiative and determine to what extent the initiative may affect to jobs, housing, transportation, and the region's economic needs. STATUS: Assembly Committee on Elections, Reapportionment, and Constitutional Amendments.

AB 1661 (Costa, D-Fresno) Automatically extends the life of residential building permits which have been issued in an area which has passed a growth limiting resolution or initiative. STATUS: Not yet assigned to committee.

AB 2200 (Cortese, D-San Jose) Sets specific statewide goals and policies on growth management to guide local agency decision making. STATUS: Assembly Local Government Committee.

AB 2206 (Cortese, D-San Jose) Expressly authorizes a local agency to require developers to set land aside for open space before a development project may be approved. STATUS: Not yet assigned to committee.

AB 2439 (Ferguson, R-Newport Beach) Requires a city or county to issue building permits regardless of the existence of any local ordinance regulating growth. STATUS: Not yet assigned to committee.

Local Agency Finance

SB 308 (Seymour, R-Anahiem) Creates a new funding mechanism for cities and counties known as "infrastructure financing districts." STATUS: Senate Local Government Committee.

SB 961 (Maddy, R-Fresno) Creates the "California and Baja California Enterprise Zone Authority" in order to coordinate the development of "maquiladoras" on the California-Mexico border. Allows the CABCEZA to issue bonds and notes. STATUS: Double referred to Senate Governmental Organization Committee and Senate Bonded Indebtedness and Methods of Finance Committee.

SB 968 (Bergeson, R-Newport Beach) Allows local agencies to more easily share sales or property taxes. STATUS: Senate Local Government Committee.

SCA 19 (Bergeson, R-Newport Beach) Allows cities and counties to more easily share sales taxes. STATUS: Senate Local Government Committee.

AB 253 (Cortese, D-San Jose) Revises County Service Area Law to reflect the increasing use of CSAs in California's fast growing unincorporated areas. STATUS: Assembly Local Government Committee.

AB 2204 (Cortese, D-San Jose) Allows cities and counties to more easily share sales taxes. STATUS: Not yet assigned to committee.

AB 2205 (Cortese, D-San Jose) Allows local agencies to more easily share property taxes. STATUS: Not yet assigned to committee.

AB 2460 (Hannigan, D-Fairfield) Prohibits a public agency from approving a development project unless a method to fund the necessary roads, schools, water, and sewer facilities is determined. STATUS: Not yet assigned to committee.

ACA 38 (Cortese, D-San Jose) Allows cities and counties to more easily share sales taxes. STATUS: Not yet assigned to committee.

Regional Governance

SB 303 (Deddeh, D-San Diego) Establishes the San Diego Regional Planning and Growth Management Review Board as directed by the passage of Measure C in November 1988. STATUS: Not yet assigned to committee.

SB 1225 (Boatwright, D-Concord) Requires that a county seek the input of an adjacent city before the county approves a development permit in an unincorporated area. STATUS: Not yet assigned to committee.

SB 1332 (Presley, D-Riverside) Establishes the Model Subregional Planning Act to create advisory boards in specified subregions who will advise local agencies on growth related topics. STATUS: Not yet assigned to committee.

AB 2202 (Cortese, D-San Jose) Requires that cities and counties consider the input of surrounding local governments when general plans are revised. STATUS: Not yet assigned to committee.

Transportation

SB 300 (Kopp, I-San Francisco) Increases the state gas tax by 10¢ per gallon and directs new revenues to mass transit, highway improvements, and alternative transportation methods. STATUS: Senate Transportation Committee.

SB 967 (Bergeson, R-Newport Beach) Links land use planning by local agencies to regional transportation efforts. Reclassifies the circulation element in general plans to a "transportation" element. STATUS: Senate Transportation Committee.

AB 35 (Eastin, D-Union City) Establishes a transportation element in the general plans of local agencies. Links the agency's land use plan with its transportation plan. STATUS: Assembly Transportation Committee.

AB 40 (Eastin, D-Union City) Requires the lead agencies of transportation projects to prepare "regional transportation impact analyses." STATUS: Assembly Transportation Committee.

AB 471 (Katz, D-Panorama City) Increases the state gas tax by 5¢ per gallon and directs new revenues to mass transit, highway improvements, and alternative transportation methods. STATUS: Assembly Ways and Means Committee.

AB 491 (Frizzelle, R-Fountain Valley) Sets goals and requirements for the development of toll roads in California under the authority of the Department of Transportation. STATUS: Assembly Transportation Committee.

AB 1520 (Cortese, D-San Jose) Requires the Metropolitan Transportation Commission (MTC) to establish a special gasoline tax in the Bay Area to provide additional funding for mass transit and highway renovation. STATUS: Assembly Transportation Committee.

AB 2050 (Areias, D-Los Banos) Raises the gasoline tax by 6¢, increases weight fees for commercial vehicles, and provides for the Mass Transit Bond Act of 1990. Restricts the use of funds to the development of highways and mass transit facilities. STATUS: Not yet assigned to committee.

GROWTH MANAGEMENT BILLS

State policies to guide local development decisions. California lacks coherent and effective statewide policies to guide local development decisions. Presently these statements of policy are scattered throughout the codes; some are contradictory. The Williamson Act, the Cortese-Knox Act, the California Environmental Quality Act, the Rural Renaissance Act, the housing statutes, and the Planning and Zoning Law all mention different state goals and policies. The Legislature should not criticize local officials' policies unless it has the foresight and political courage to define its own goals.

This bill sets specific statewide goals for local development decisions. It also requires cities and counties to explain how their general plans carry out the state goals. It requires cities and counties to regularly revise their general plans, with all communities in the same region acting at the same time. The bill phases in this requirement over five years, starting in 1991. Further, this measure requires the Office of Planning and Research to issue its existing "Environmental Goals and Policies Report" every two years.

Allocation of affordable housing. Local officials have few incentives to accept their regional share of affordable housing and enforcement is virtually nonexistent. Advisors and witnesses agreed that a combination of "carrots and sticks" could change local behavior. Access to state funding is the most attractive incentive while the threat of lawsuits is can make the statutes more "self enforcing."

This bill requires closer state review of local housing elements. It requires local officials to justify why they cannot plan to accept their regional shares of affordable housing. It directs state officials to give preference to cities and counties with adequate housing elements when they hand out state bond funds and grants for sewer and water projects which promote development. The bill also allows cities and counties to spend their housing funds (including redevelopment funds) outside their boundaries but within the same housing market. Local officials could not adopt or amend redevelopment plans unless their housing elements were consistent with state law. Further, the bill requires state officials to advise the Legislature and the Attorney General on communities which fail to meet their housing goals.

Linking land use and transportation decisions. Local general plans do not consider regional needs when they identify transportation projects. Local land use decisions do not consider their effects on the regional transportation facilities. Regional transportation plans do not consider local land use policies when they set priorities for funding transportation projects. Further, the state's priorities for funding transportation projects do not reward cities and counties that promote transportation system management and the state's own housing programs.

This bill revises the current circulation element in the general plan law into a modern transportation element. It requires regional transportation plans to consider local general plans in preparing regional plans. The bill also requires cities and counties to include regional considerations in their transportation elements. Further, it requires the California Transportation Commission to give preference to cities and counties that promote transportation system management and carry out the state's housing policies.

The fiscalization of land use. The allocation of revenues from property taxes and sales taxes cause local officials to pursue land uses that generate more revenues and shun land uses that do not. Development projects win approval because of their revenue contributions not because of their relationship to the community's broader needs. State law contains obstacles to local revenue sharing.

This bill replaces the current law on sales tax revenue sharing with a statute which makes it easier for local officials to reach local agreements. This change also requires a constitutional amendment. The bill reduces the procedural steps required for local officials to share property tax revenues.

Increased regional cooperation. For more than 20 years, cities and counties have used councils of governments (COGs) to coordinate their land use, transportation, housing, and resource planning efforts. The COGs have successfully helped their member agencies resolve disputes and avoided duplication. But large COGs, covering entire metropolitan regions, sometimes lose sight of the special local needs of cities and counties.

This bill promotes increased regional cooperation by clarifying the relationships between local governments and their COGs. It spells out how local decisions can contribute to meeting regional goals set by the COGs.

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PROPOSED CORTESE LEGISLATION RELATED TO GROWTH

1) STATE POLICY

Adopt a new expression of state policy which pulls together the language from the Planning and Zoning Law, the Williamson Act, CEQA, and Cortese-Knox. This policy would serve as an umbrella for local policies governing land use decisions and as a directive for state facilities and budget decisions. It would focus on infill development and agricultural land and open space preservation to achieve both environmental and fiscal goals.

2) STATE PLANNING DEPARTMENT

Create a new multi-disciplinary "Department of Planning", with a director whose appointment must be approved by the Legislature. The Department would be charged with ensuring that the state's plans, goals, and policies on growth and development are coordinated and carried out. State budgeting, programs, and projects must then be consistent with these plans. This would include grants, loans, and bond programs. The State Clearinghouse, which would be located within the Department, would track development activity and comment on regional and state impacts of projects through its (CEQA) review authority.

3) LAFCO AND LAND USE

Require every city to establish an urban service area to define the territory it proposes to serve with urban facilities, utilities, and services and allow new development to occur only within urban service areas. This would decrease public service costs and preserve agricultural, open space and natural areas.

Require cities to make a finding prior to approving any new commercial or industrial development that the project will not result in a jobs/housing imbalance.

Require LAFCO to consider the relationship between jobs and housing and the impacts on transportation and air quality when it is making decisions on boundary changes.

4) PLANNING

Require consistency of local general plans, regional plans, and state plans, goals, and policies (see 1 above). State plans and the State budget would also be required to be consistent with this policy.

Require cities in non-attainment areas to adopt air quality elements and to simultaneously update their general plans to provide internal consistency.

Require cities and counties to share information regarding general plan amendments or zone changes with adjacent and affected jurisdictions and to publicly respond to any comments related to impacts on those jurisdictions.

5) CEQA

Provide for CEQA to place greater emphasis on the impacts of projects on neighboring communities and on the region, and require the lead agency on projects to specify how it will address those impacts.

Expand the types of projects which should be reviewed by state and regional agencies under CEQA to better mitigate adverse impacts.

Provide for increased public participation, notice and review in the general plan/CEQA process.

6) COUNTY SERVICE AREAS

Make the county Service Area Law clearly available for meeting infrastructure needs including interagency planning and cooperation. (AB 253)

7) TAX SHARING

Require cities and counties to share sales tax from new commercial developments with surrounding entities in proportion to the impacts created by that development.

Require the sharing of some portion of the property tax increment between the jurisdictions affected by the development which generates the increment.

8) REGIONAL INFRASTRUCTURE FINANCING

Allow regional agencies such as MTC and ABAG to impose fees on new development to finance regional infrastructure necessitated by the development. A possible 50 - 50 match using the agencies' existing funds could increase the city or county's receptivity to this concept.

9) VEHICLE LICENSE FEES

Increase the penalty on delinquent vehicle registration fees to encourage cities and counties to increase their efforts to collect delinquent fees and earmark the revenue for transportation services.

10) OPEN SPACE PRESERVATION

Create a new mechanism to provide for the imposition of a fee or assessment on new development which converts land from open space or agricultural use. The revenues would be used to purchase development rights or fee title to other land still in production or open space.

1/24/89

Proposition C: Regional Planning Protects Quality of Life

by Brian P. Bilbray

Proposition C, the Regional Planning and Growth Control measure approved by 60 percent of San Diego County voters last November, has sent a strong message to local leaders that residents want cooperation in regional planning.

Approval of Proposition C came at a time when voters rejected four measures aimed at restricting or limiting future growth. The election results reflected the voters' desire to improve the ability of each of the county's cities to influence planning in surrounding areas and the region at large.

Proposition C was placed on the ballot by the San Diego County Board of Supervisors with the endorsement of the San Diego Section of the California Chapter of the American Planning Association, and many environmental and building industry organizations.

The question presented to voters in Proposition C was simple: Should the Regional Planning and Growth Control measure be adopted?

Because existing California law prevents voters countywide from enacting laws applicable to incorporated cities, the measure was advisory only. However, it had a clearly stated purpose of demonstrating public support for establishing a Regional Planning and Growth Management Review Board.

The proposal calls for San Diego County and the 18 cities located within it to participate in the formulation of a regional growth management plan. The plan will contain seven components: quality of life standards, regional facilities, holding capacities, transportation system management, growth rate, growth phasing and regional land use distribution.

In order to calm fears expressed by elected city officials within the county on such issues as loss of local control, concern about each city's tax base and local jobs, Proposition C called for establishment of a Blue Ribbon Committee to determine the scope and composition of the regional board.

Blue Ribbon Committee

The Blue Ribbon Committee is currently working to build a consensus among local elected officials, builders and environmentalists, on regional growth management strategies as a means of developing trust and confidence in the goals of a regional board.

Because public participation is an important part of this process, community forums involving representatives of numerous civic organizations have been held each month one week before the Blue Ribbon Committee meets.

Regionalism is not a foreign concept in San Diego County. The San Diego Association of Governments (SANDAG) is a strong force within the county, with involvement in many planning activities. Acting as the Regional Transportation Commission, SANDAG won voter approval to increase local sales taxes to provide funding for local road, freeway and transit projects.

It is increasingly evident that such pressing problems as sewage, solid waste, air quality, location of job generating zoning and phasing of growth cannot be handled by each city alone, but require a regional approach.

While the specific roles of the Regional Planning and Growth Management Review Board need to be defined by the Blue Ribbon Committee, it could be an opportunity for representatives from each city and the county to jointly justify the impacts of land use decisions within their jurisdictions.

The regional board could determine a fair allocation of growth-inducing zoning based on the population of each city and the county, coordinate and approve traffic circulation plans, approve water reclamation plans and strategies, and address other issues requiring a regional perspective. The Blue Ribbon Committee will complete its work by June 30, and present recommendations and a blueprint for implementing Proposition C.

In the unlikely event that local governments fail to cooperate with a Regional Planning and Growth Management Review Board, changes in state and local laws may be necessary to give voters countywide the authority to mandate regional cooperation.

Proposition C gave local leaders throughout San Diego a strong message to cooperate in a regional process that will improve the ability of each city to influence planning in surrounding areas and the region at large.

It is San Diego County's last opportunity to achieve a balance between the quality of life and the standard of living. If San Diego is successful in implementing effective regional planning while retaining local control, the experience may provide a model for developing regional planning and growth management policies in other areas as well.

Bilbray represents the first district on the San Diego County Board of Supervisors and was the author of Proposition C.

NOTES CONVERSATION WITH SUPERVISOR BILBRAY'S OFFICE
RE MEASURE C SAN DIEGO

Measure C was advisory since state law prohibits making it binding on cities.

Won 65% of votes. 2 other binding measures lost by wide margin.

Vote was county-wide since State Law permits city voters as taxpayers to vote on measures even those that would not be binding on the cities.

18 cities were coalesced to form a blue ribbon committee with a six month time frame to devise recommendations on a structure for a Review Board and the scope and charge of the Regional Board.

At end, recommendations will be sent for review and comment to each city.

Have a spot bill in Sacramento if need. May or may not have to give authority to this Review Board.

Looks at growth phasing, transportation, sewage.

Staff are examining measures around the country for models.

Recommends SLO look at the Sher bill which gives clout to the APCD over transportation in the County. This approach re resources may be our answer.

(This proposition will appear on the ballot in the following form.)

C

ADVISORY VOTE ONLY
REGIONAL PLANNING AND GROWTH CONTROL MEASURE
Should the Regional Planning and Growth Control Measure be adopted?

Section A. Statement of Purpose and Intent

The purpose of this Measure is to demonstrate public support for the concept that certain impacts associated with growth should be resolved on a regional basis. This Measure proposes the establishment of a Regional Planning and Growth Management Review Board (the "Regional Board") which will formulate a regional growth management plan for resolving problems associated with transportation management, solid waste disposal, water reclamation, sewage disposal, air quality and growth inducing industrial zoning. Each city within the San Diego region (the "cities") and the County of San Diego (the "County") shall participate in the formulation of, and shall comply with, the adopted regional growth management plan. This Measure contains the following components:

Section B. Regional Planning and Growth Management Review Board

The Regional Board shall be established by the County and the cities to prepare a regional growth management plan which addresses transportation management, solid waste disposal, water reclamation, sewage disposal, air quality, and determines a fair allocation of industrial land use for each jurisdiction. The Regional Board shall have the authority to require that the County and the cities adopt the necessary legislation to implement the regional growth management plan.

In addition to its authority to formulate and enforce a regional growth management plan, the Regional Board shall be an advisory agency empowered to inform the cities and the County of any regional impacts that might result from any proposed legislative action and to propose revisions to a particular project or proposal or to recommend mitigation measures. The Regional Board may also present proposals to the cities and County, and encourage the inclusion of such proposals in their respective General Plans, in order to resolve regional problems associated with traffic circulation patterns, land use allocations (with particular emphasis on job-generating land uses), timing and phasing of development, resource protection, community character, and any other regional land use issues. Such proposals may be advisory in nature and will become enforceable only upon adoption of the proposals by the cities and the County.

The Regional Board shall be comprised of at least one representative of each city and of the county who is an elected official. A Blue Ribbon Committee shall be established, consisting of representatives from the cities and the County, to determine how the Regional Board should be established, the form of State legislation required, and whether a joint powers agreement would be necessary between the cities and the County. This Blue Ribbon Committee shall formulate its recommendation by no later than June 30, 1989.

Section C. Regional Growth Management Plan

The regional growth management plan shall establish guidelines for certain regional growth issues and formulate legislation for the cities and the County to implement. The plan shall contain the following elements:

1. Quality of Life Standards: To be adopted for the region as a whole and for the cities and County. The quality of life standards shall be limited to transportation management, solid waste disposal, water reclamation, sewage disposal, and air quality.
2. Regional Facilities: To identify needed regional facilities necessary for attainment of the quality of life standards, the cost of such facilities, and possible financing mechanisms.
3. Holding Capacities: To be established for the region as a whole and for the cities and County, to be based on facilities adequacy and the ability to attain and maintain the quality of life standards.
4. Transportation System Management: To contain mandatory regional techniques such as ride sharing, flexible work hours, and to promote public transportation services along major corridors.
5. Growth Rate Component: To identify and address those causes of growth which are subject to local or regional control, with the objective of assuring attainment of the quality of life standards by, if necessary, reducing the overall growth within the region.
6. Growth Phasing Component: To tie the rate of development to the provision of adequate regional facilities as needed to attain the quality of life standards.
7. Regional Land Use Distribution Component: To develop regional policies concerning the allocation of industrial land use to promote a better balance between employment and residential land uses, with the objective of reducing traffic congestion, air pollution and energy usage.

The regional growth management plan shall be prepared and adopted by the Regional Board within one year of the formal establishment of the Regional Board. The cities and County shall amend all appropriate elements of their General Plans to include the previously mentioned seven elements within one year following adoption of the regional growth management plan to conform to its provisions.

Section D. Interim Development Constraints

Interim constraints to limit growth to 75 percent of the San Diego Association of Governments population projections for each city, community or subregional area may be placed on all development activity within the region until the Regional Growth Management Plan has been prepared and adopted by the Regional Planning and Growth Management Review Board, and implemented by the region's jurisdictions.

Section E. Regional Funding System

An equitable funding system shall be established for planning and implementation of these growth management strategies.

COUNTY COUNSEL'S IMPARTIAL ANALYSIS OF THE CONTENT OF THE REGIONAL PLANNING AND GROWTH CONTROL MEASURE

You are asked to vote on the Regional Planning and Growth Control Measure (Measure). This Measure, submitted to the voters by the Board of Supervisors of the County of San Diego, is an advisory measure only and will not be binding on either the County or the cities. The stated purpose of the Measure is to obtain public support for the concept that certain impacts associated with growth should be resolved on a regional basis. The Measure proposes that the County of San Diego and the cities within the County of San Diego region establish a Regional Planning and Growth Management Review Board (Regional Board), to be comprised of at least one representative of each city and of the County, who is an elected official. The Measure proposes that a Blue Ribbon Committee be established to determine how the Regional Board should be established and other matters, including any necessary changes in state law..

The Measure proposes that the Regional Board be charged with the formulation of a Regional Growth Management Plan (Regional Plan), with which the County and the cities would be required to comply. The Regional Plan would contain elements designated: (1) "Quality of Life" standards on transportation management, solid waste disposal, water reclamation, sewage disposal and air quality; (2) Regional Facilities; (3) Holding Capacities; (4) Transportation System Management; (5) Growth Rate Component; (6) Growth Phasing Component; and (7) Regional Land Use Distribution Component.

The Measure proposes that the Regional Board be required to prepare and adopt the Regional Plan within one year after creation of the Regional Board and that the County and the cities be required to amend their General Plans in order to implement the Regional Plan within one year following adoption of the Regional Plan. The Measure proposes that the Regional Board, in addition to its authority to adopt and enforce the Regional Plan, also serve as an advisory agency to the County and the cities concerning regional land use issues.

A "yes" vote is an expression of support for the establishment of the Regional Board and the other concepts contained in the Measure.

A "no" vote is an expression of non-support for the establishment of the Regional Board and the other concepts contained in the Measure.

ARGUMENT IN FAVOR OF PROPOSITION C

Proposition C is your opportunity to control growth in the entire County and not just in your city or community.

Because local initiatives only affect individual jurisdictions, the process fails to provide regional coordination, consistency and growth control.

- Traffic congestion does not stop at your city's boundary
- Growth is not occurring only in your community
- Air pollution is not confined to individual jurisdictions
- Sewage disposal and water reclamation options cross city boundaries
- Industrial and residential land uses are not balanced

City/County boundary lines are invisible and the impacts of land use decisions cross these boundaries.

Proposition C proposes the establishment of a Regional Planning and Growth Management Review Board and the preparation of a Regional Growth Management Plan. The Plan will include:

- Quality of Life Standards
- A Regional Facilities Plan
- Holding Capacities for the Region
- Transportation Management
- Methods to Address the Causes of Growth
- A Growth Phasing Component
- A Regional Land Use Distribution Component

The Plan will insure that quality of life standards will be met and that development will neither exceed the capacity of public facilities and services nor adversely impact the quality of life in your community and neighboring jurisdictions.

Currently, individual cities and the County tend to seek independent solutions to regional problems. Today's growth related problems prove that this is not working. What we need is a regional approach to transportation management, air quality, solid and liquid waste disposal and growth inducing industrial zoning with all the region's jurisdictions working together, not separately.

Vote YES on Proposition C. Only when all communities and jurisdictions work together can we protect and preserve our future!

BRIAN P. BILBRAY
County Supervisor
1st District

JOHN MacDONALD
County Supervisor
5th District

LINDA BRANNON, Councilwoman
City of Poway

BOB FILNER, Councilman
City of San Diego, 8th District

DON WOOD, President
Citizen's Coordinate for Century 3

ARGUMENT AGAINST PROPOSITION C

No argument against this proposition was filed in the office of the Registrar of Voters.

December 1, 1988

REGIONAL PLANNING WILL PROTECT QUALITY OF LIFE

Commentary/Opinion by Supervisor Brian P. Bilbray

Protecting quality of life and maintaining an acceptable standard of living is one of the toughest challenges facing local elected officials. During the 1950's and early 1960's the public was concerned about their "standard of living", an economic standard. In the late 1960's and early 1970's the focus shifted to "quality of life", an environmental standard. In California in the 1980's, the problem is balancing the two.

While the residents of San Diego County demand an end to environmental problems caused by growth, they have not embraced strict housing caps which could threaten the local economy and their standard of living. Balancing the quality of life and the standard of living requires innovative policies, careful planning and an unprecedented level of regional cooperation.

On election day, November 8, 1988, San Diego residents rejected four measures aimed at restricting or limiting

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future growth, but supported a countywide measure calling for managing growth on a regional basis. Proposition C, the Regional Planning and Growth Control Measure, was placed on the ballot by the San Diego County Board of Supervisors and approved by 60 percent of the voters. The measure was endorsed by leaders throughout the County, including many environmental and building industry organizations.

The question presented to voters in Proposition C was simple: "Should the Regional Planning and Growth Control Measure be adopted?" Because existing California law prevents voters countywide from enacting laws applicable to incorporated cities, the measure was advisory only, with a clearly stated purpose of demonstrating public support for establishing a Regional Planning and Growth Management Review Board.

The proposal calls for each of the 18 cities within San Diego County and the County to participate in the formulation of a regional growth management plan. The plan will contain the following components: (1) Quality of Life Standards, (2) Regional Facilities, (3) Holding Capacities, (4) Transportation System Management, (5) Growth Rate, (6) Growth Phasing, and (7) Regional Land Use Distribution.

The people have spoken in the voting booth, sending the clear message that it is time for local politicians to replace their growth management rhetoric with real action to control growth on a regional basis. Jurisdictional boundaries are invisible and the impacts of land use decisions cross these boundaries.

In order to calm fears expressed by elected officials in the 18 San Diego County cities about loss of local control and concern about their tax base and local jobs, Proposition C calls for a "Blue Ribbon Committee" to be established to determine the scope and composition of the Regional Board. The Blue Ribbon Committee will be a year long opportunity to build a consensus, not only among local elected officials but also among builders and environmentalists, on regional growth management strategies and to develop trust and confidence in the goals of a Regional Board.

Regionalism is not a foreign concept in San Diego County. San Diego County has a strong council of governments, the San Diego Association of Governments (SANDAG), which is involved in many planning activities. SANDAG, acting as the Regional Transportation Commission, won voter approval to increase the local sales tax to provide funding for local road, freeway, and transit projects. It is increasingly evident that such pressing problems as sewage, solid waste, air quality, location of job generating zoning and phasing of growth cannot be handled by each city alone,

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but require a regional approach.

While the specific role of Regional Planning and Growth Management Review Board needs to be settled by the Blue Ribbon Committee, it could be an opportunity for representatives from each city and the County to sit with their colleagues and justify the impact of land use decisions within their jurisdiction on other jurisdictions. The Regional Board could determine a fair allocation of growth inducing zoning based on the population for each city and the County, coordinate and approve traffic circulation plans, approve water reclamation plans and strategies and address other issues requiring a regional perspective.

The Review Board could consider the General Plans and General Plan Amendments of each city and the County based on their individual and cumulative regional impact. The integrity of local decision making would be maintained but local land use decisions would be responsible to a broader regional land use strategy. The existence of a Regional Board will not limit the power of local governments, but will actually extend local control to influence growth related decisions outside their own boundaries.

In the unlikely event that local governments fail to cooperate with a Regional Planning and Growth Management Review Board, changes in state and local laws may be

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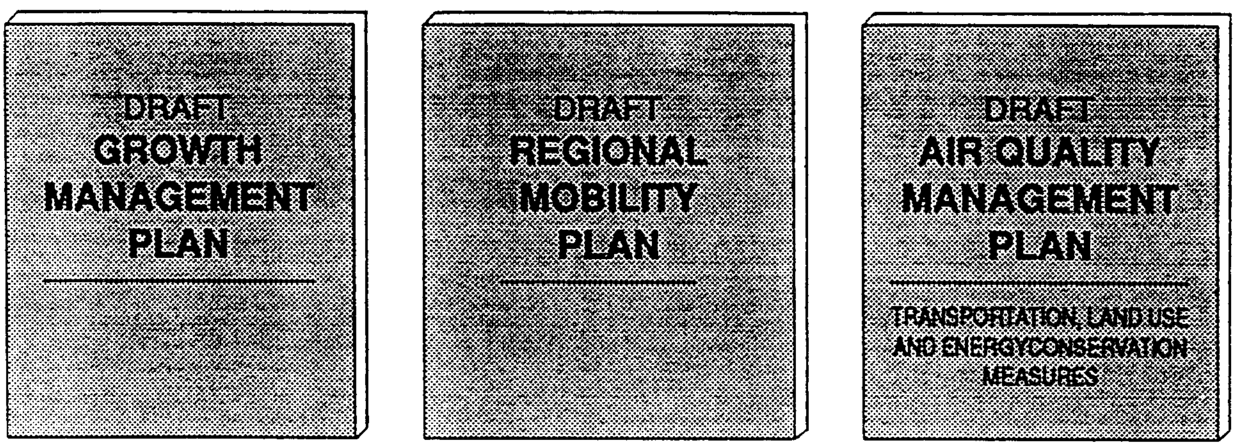
necessary to give voters countywide the authority to mandate regional cooperation.

Proposition C gave local leaders throughout San Diego a strong message to cooperate in a regional process that will improve the ability of each city to influence planning in surrounding areas and the region at large. It is San Diego County's last opportunity to achieve a balance between the quality of life and the standard of living. The experience may provide a model for developing regional planning and growth management policies in other areas as well.

# # #

AN
OVERVIEW
OF SCAG'S PLANS



OCTOBER 1988

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS scag

SCAG
SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
600 South Commonwealth Avenue • Suite 1000 • Los Angeles • California • 90005 • 213/385-1000

To the Residents of the Region:

Everyone who lives or works in the region will be affected by three plans soon to be adopted by the Southern California Association of Governments, of which I am the Executive Director. These plans are efforts to confront the problems of Transportation (our overcrowded streets and freeways), Air Quality (we have the worst in the nation), and Growth Management (we will have five million more residents in just over twenty years).

I urge you to read the plan summaries, which I have enclosed with this letter, and then to make your views on the plans known at one of two Public Hearings. If you have an idea that will improve your future and ours, we want to hear it.

The Public Hearings will be held at SCAG, 600 South Commonwealth Avenue, Suite 1000, in Los Angeles. The first hearing is on November 18 at 1:00 p.m., the second hearing is on December 15 is at 9:30 a.m., before the SCAG Executive Committee. Please plan to meet with our board of local elected officials on one of those days.

If you need directions to SCAG, please phone us at (213) 385-1000.

I urge you to be present and make your opinions known. They *do* count.

Thank you.

Mark Pisano

Mark Pisano
Executive Director
The Southern California Association of Governments

AIR QUALITY, TRANSPORTATION, AND GROWTH MANAGEMENT PLANS FOR THE SCAG REGION -- AN OVERVIEW

The Southern California Association of Governments, a regional planning agency that represents six counties and more than 150 cities, will soon adopt major plans to guide the region's future.

These plans aim at cleaning the air we breathe, minimizing traffic congestion, and managing the vast growth expected in Southern California.

These plans are all interrelated. We cannot improve our air unless we do something about traffic, since much of our air pollution comes from automobiles and trucks. But we cannot solve our traffic problems without bringing our jobs and our housing closer together, since much of our traffic problem comes from people driving long distances to get to work and then home again.

The plans have important effects on each other, and also on society as a whole -- on the *way* we live, on *where* we live, on our jobs. For instance, some industries are so harmful to the air we breathe that they may not be permitted any longer to operate in our air basin. If they are shut down, jobs will be lost. Recently, SCAG was authorized to study how new laws passed by the South Coast Air Quality Management District (SCAQMD) will affect jobs and working people in the region. SCAG has been examining ways to improve job retraining for displaced workers, and SCAG's initial report on which jobs will be affected by the AQMD's new regulations will be presented to the citizens of the region soon.

The following pages give an overview of plans for air quality, transportation, and growth management. The air quality management plan is prepared jointly by SCAG and the South Coast Air Quality Management District; the measures called for in SCAG's plans for transportation, land use, and growth management are a portion of the regional air quality management plan, since they have beneficial effects on air quality.

Public hearings and workshops on all of these plans have been and are being held throughout the six-county region (Los Angeles, Orange, San Bernardino, Riverside, Ventura and Imperial). Your comments and suggestions on the plans are welcome. If you cannot attend a public hearing or workshop, you can make your opinions known by writing to SCAG at 600 South Commonwealth Avenue, Suite 1000, Los Angeles, California 90005, or calling us at (213) 385-1000.

The strong measures called for in the plans will require cooperation and some amount of effort from all of the region's citizens. But without effort, we cannot win the enormous battles ahead.

If the battles against traffic congestion and overcrowding are lost, we will have no quality of life worth fighting for. If we lose the battle against further pollution of our already unhealthful air, no one could or would want to live in this region. These are battles that we ***must*** -- and with planning and cooperation, ***can*** -- win.

AIR QUALITY

Southern California stands at a turning point in its history. The dynamic growth of this region has made it the eleventh largest economic center in the world. Further, if the growth trends of the last ten years continue, the region will increase its population almost 50% by the year 2010.

But the region is already suffering from the effects of unbridled growth. The freeways are almost gridlocked, housing is becoming less affordable, and much of the region experiences air pollution.

The links between growth, housing, jobs, traffic, and air quality are clear, and we know that solving one problem begins to solve all of them. But what course of action can the region take to accomplish this?

The choices for action can be simply stated:

1. **Will the region choose a bold course of action, or just keep on doing what it's done in the past?**

This question is the starting point of the debate for each of the four critical regional plans now being discussed --Mobility, Growth Management, Housing, and Air Quality. "Business As Usual" is the easiest course. However, it can only result in the quality of life getting worse.

2. **How much new freeway construction will the region want? Will we change our driving habits to lessen demand on the freeways?**

The Regional Mobility Plan aims at restoring the level of mobility we had back in 1984. While the cost to build new facilities is $56 billion, the Plan emphasizes demand-management measures -- such as ridesharing, greater use of transit, alternative work hours -- that reduce both vehicle trips and vehicle miles traveled. The mix of measures we use to reach our mobility goals will affect our air quality future.

3. **Will the region try to achieve a balance of jobs and housing in subregions, so that commute distances can be shortened?**

The Regional Growth Management Plan presents the population, housing, and job forecasts for the year 2010. A key choice involves distributing the growth so that jobs and housing are near each other. The plan assumes that uncoordinated local growth-control efforts would cause an unproductive redistribution of regional totals. The Growth Management Plan's distribution of new growth is designed to achieve Job/Housing balance in the region, in order to improve mobility and air quality. Only a small percentage of new housing (4.2%) and new jobs (9.5%) would be impacted.

4. **Will the region make a commitment to use alternative sources of energy that are less harmful to air quality and the environment at large?**

The 1988 Air Quality Management Plan aims at attaining federal clean air standards by the year 2007. To make significant progress toward this goal, in light of the dramatic growth forecast for the region, tough control measures are needed. In the alternative choices presented, the trade-offs between controls on stationary sources, area sources, and mobile sources can occur only if we commit to using alternative sources of energy. The choices for air quality improvement involve not only the issues of demand management, but -- even more fundamentally -- the issues of fuel and power.

Many of SCAG's proposed Transportation, Land Use and Energy Conservation Measures for the 1988 Air Quality Management Plan (AQMP) were presented in the 1979 and 1982 AQMPs as long-range study proposals. Today, every measure calls for specific commitments within the near-term future.

In the past, the plans stopped short of actually charting a course to attain the national clean air standards. Programs were proposed to improve the air quality, and, in general, the focus rested on controls on major industries and automobile tailpipe emissions. Today, the price of clean air must include changes in how each resident uses his or her automobile.

Relieving traffic congestion goes hand in hand with improving air quality, and both issues are of critical concern to local government. Local governments must have a coordinated response to improve air quality in the region.

Through this report, the region can debate its commitment to demand management, job/housing balance, and alternative energy sources. These measures provide significant air quality and mobility benefits.

In broad terms, the AQMP has four components to address: (1) stationary sources, (2) area sources, (3) mobile sources, and (4) fuels. The measures in this report primarily involve mobile sources, with some impact on fuels.

The battle to attain clean air is the toughest challenge facing this region. The components of the battle are these: (1) In the next 20 years, Southern California will see a population increase of five million -- this is equivalent to adding the population of the San Francisco Bay area to this region. (2) This growth must be managed from a regionwide perspective; a similar approach must be made to cleaning the air, as well. (3) To attain clean air and avoid gridlock, the region must reduce one-person vehicle trips. (4) If we "forgive" emissions from any pollution source, the pollution reduction must be squeezed out of some other source. (5) Ultimately, achieving clean air will depend on a major shift to alternative sources of energy.

LINKAGES BETWEEN REGIONAL PLANS

The three regional plans that are directly linked to the debate on the AQMP are:

- o **The Regional Mobility Plan;**
- o **The Growth Management Plan;**
- o **The Regional Housing Needs Assessment (RHNA).**

All of these plans are being updated on the same schedule as this AQMP, and the unifying link between them is the projected population growth for the region.

The Mobility, Growth and Housing Plans all bring specific program actions to bear on this AQMP. These relationships are briefly described below.

o **REGIONAL MOBILITY PLAN:** SCAG's Executive Committee has endorsed a preferred strategy that calls for:

- -- **Demand Management Programs that would impact 80% of all work trips;**
- -- **$57 billion of facility improvements; and**
- -- **Implementation of a Growth Management Plan.**

o **GROWTH MANAGEMENT PLAN:** A total population of 18.3 million is forecast for the SCAG region by 2010. Within the air basin, which includes the counties of Los Angeles, Orange, and Riverside, and the non-desert portion of San Bernardino County, the projected population is 15.5 million. SCAG's Executive Committee has endorsed a preferred alternative that calls for:

- -- **9.5% of the *new* jobs to be shifted to housing-rich areas, and**

- -- **4.2% of the *new* housing units to be shifted to the job-rich areas.**

o **REGIONAL HOUSING NEEDS ASSESSMENT PLAN:** The housing distribution goals from the preferred Growth Management Alternative are presented as housing needs projections for every city and county in the region. The RHNA Plan establishes:

- -- **Legally binding five-year targets for all types of housing needs, including low- and moderate-income, for each jurisdiction within the region.**

OVERVIEW OF THE TRANSPORTATION, LAND USE AND ENERGY CONSERVATION MEASURES

The measures have been divided into three groups: Transportation, Land Use, and Energy Conservation. There are 26 transportation measures, one major land-use measure, and three energy conservation measures. These measures are consistent with the proposals in the Regional Mobility Plan and the Growth Management Plan.

Each measure is described in terms of three Tiers of action.

Tier I contains:

- o **Actions to be taken in the first five years, and**
- o **Transportation improvements which can be built with funds available in the next 20 years.**

These actions rely on technologies that are currently available and on funds that are already committed.

Tier II contains:

- o **Actions to be taken from year 6 to 20, and**
- o **Actions dependent upon additional funding or new legislative authority.**

Tier III contains:

- o **Actions tied to future technology.**

MAJOR MEASURES

Although all the measures are important, seven groups of measures stand out in their ability to offer significant reductions:

- o **Alternate Work Schedules**
- o **Mode Shift Strategies**
- o **Goods Movement**
- o **Freeway Improvements**
- o **Rail Electrification**
- o **Electric Vehicles**
- o **Growth Management**

For the year 2010, these measures represent close to 95% of the total reductions for Reactive Organic Gases.

GROWTH MANAGEMENT

Why we need to manage growth -- the scope of the problem

A major cause of many of the region's problems – from astronomical housing prices to air pollution to freeway congestion – is our rapid growth. In 1980, the U.S. Census counted 11.6 million people living in this six-county region. In 1984, the population was estimated at 12.4 million. The most recent (1988) population estimate is 13.7 million. The region has grown by more than 2 million people in just eight years.

Projections for future growth show more of the same. 18.3 million people will live in the SCAG region in 2010. (One in every 18 persons in the U.S. now lives in the SCAG region; in just 22 years, it will be one in 15.)

The reasons for this growth are the excess of births over deaths – natural increase – and migration into the region. In any year this region has more births than deaths, and 63% of our growth between 1980 and 2010 will be due to this factor.

People migrating here from other places will also boost the population. While about 9 million people will leave the region between 1980 and 2010, 11.4 million are expected to arrive here from elsewhere (8.1 million from other areas of the U.S., 3.3 million from other countries).

These figures are derived from SCAG's Draft Baseline Projection, which uses data from the year 1984 as its base, and calculates what the region's population and job picture will be in 2010 if the demographic and economic trends of the last ten years continue. The projection reflects the influences of government policies in effect as of 1984, but does not assume any new government controls affecting the trends in the region's demography, the economy, or the regional housing market.

Attempting to control our region's population growth is not feasible, but we can improve the quality of life for everyone by seeing that the region's distribution of housing and employment lessens the necessity for people to commute long distances between home and work. Presently, there are high concentrations of jobs in areas such as the Los Angeles Central Business District, the vicinity of Los Angeles International Airport, and Orange County, but housing in these areas is scarce or unaffordable to the average worker. Housing is concentrated in the outlying counties – San Bernardino, Riverside, Ventura – where shelter is more affordable and plentiful, but jobs are comparatively few. The result is that hundreds of thousands of workers stream across the region each morning and evening, clogging the freeways, burning vast quantities of petroleum products that pollute the air, and spending hours of what could be leisure time traveling long distances to and from their jobs.

What can be done?

A sensible approach to this problem was suggested as long ago as 1926 by the members of the City Club of Los Angeles, concerned even then about long-distance commuting. Establish "garden cities", they said, that have a sensible balance of jobs and housing within them, so that people can live close to where they work and work close to where they live. More than half a century later, that dream has not been realized, but the Growth Management Plan, recently adopted by SCAG's Executive Committee, may bring its realization closer.

The Growth Management Plan aims at local governments' directing the locations of some future housing and future employment to bring about a more beneficial balance of jobs and shelter within subregional areas. No existing housing or employment would be affected, and the Plan would affect only 4.2% of new homes and 9.5% of new jobs – both redevelopment in economically disadvantaged areas as well as new construction – but the benefits would be enormous in terms of preventing further congestion of the freeways and restoring some of the leisure time now sacrificed to commuting.

Among the measures that local governments can use to attain job/housing balance targets: require mitigation measures to be borne by the developer, if projects worsen the jobs/housing balance in a subregion; establish local and regional priorities for building the infrastructure needed to support jobs/housing balance; locate new major facilities that are job-inducing in job-poor subregions and those that induce housing in subregions that are housing-poor. Governments in Southern California now subsidize and regulate growth through programs of capital improvements, regulations, exactions and zoning. Many of the actions proposed simply enhance the current system to incorporate regional jobs/housing balance actions.

The Plan can be carried out largely through existing institutional and governmental structures, and some state and regional agencies. It requires that local governments modify current regulations and create or redirect incentives to bring about a better balance of jobs and housing.

The Growth Management Plan, by itself, cannot achieve the vision and goals intended for the region. The Growth Management Plan strategies need to be implemented in coordination with the measures proposed in plans for transportation, housing, air quality, etc., to assure consistency in the proposed courses of action and the attainment of regional goals.

Transportation

The goal of the Regional Mobility Plan is to recapture and retain the transportation mobility level of 1984, and the Plan provides specific means for addressing the region's problems. Accomplishing the elements of the Plan will require commitment from the region's elected officials and a substantially more generous level of funding for transportation improvements than is currently available.

The region's primary mode of achieving mobility will probably continue to be the automobile. The congestion problem, already severe in certain places and at certain times, will become acute.

- o Our region, which is now home to 13.7 million people, faces significant growth. In the coming 22 years, nearly five million additional people will live here. The region's highways and streets -- many of which have already reached saturation levels during peak commuting hours -- will have to cope with the vehicles of the new residents, as well as the increased freight traffic to serve consumer needs.
- o By 2010, daily trips and work commutes on the region's streets and freeways will increase by 42 per cent:

MILLIONS OF	1984	2010
DAILY TRIPS	40.2	57.0
WORK COMMUTES	7.3	10.3

This means that for every 1,000 vehicles on the road today, there will be 1,420 tomorrow.

Even if our streets and roadways could tolerate all these vehicles, the region's health cannot. The automobile is a major contributor to the region's air pollution problem -- the nation's worst -- and the Air Quality Management District and the State and Federal Governments are pressuring the region to reduce its use.

Solutions to the problem will be expensive. To compound matters, California state law has placed severe restrictions on the ability of local and state governments to raise the additional revenues needed to respond to these problems. Thus, the mobility problem requires not only technical and technological solutions, but financial solutions as well.

An overall Plan is essential. Only by following a comprehensive strategy, rather than reacting to crises with piecemeal responses, can the region retain or improve its mobility.

Four separate strategies that could solve the problem were carefully examined by SCAG's Executive Committee of local elected officials. The first was a major program for building new transportation facilities; the second showed a heavy emphasis on demand management; the third was built around an intense program of system management; the fourth emphasized a balance of jobs and housing within subregions to shorten commutes. The Executive Committee concluded that the best approach would combine all of these components. The Preferred Strategy would do the following:

- o Through a vigorous program of Transportation System Management to move traffic efficiently, the Preferred Strategy would use the existing system to the maximum.
- o Through a program of Transportation Demand Management, the Preferred Strategy would induce commuters to change work and commuting patterns. Certain actions could reduce the number of trips made; others would redistribute necessary trips through the more efficient use of vehicles and by spreading peak commute-trips over more hours.
- o Under the Preferred Strategy, SCAG would work with county and local governments to encourage a better balance of jobs and housing in subregional areas. More people would live closer to where they work, and cross-region commute trips would be reduced.
- o Finally, the Preferred Strategy would add new facilities to the existing transportation system, and give emphasis to modes that carry more than one person: transit and car pooling.

The Plan proposes a program of actions that would foster each interacting component of this strategy. These are divided into actions possible with present funding, and those that require additional resources (these latter are almost exclusively new construction projects and transit facilities). The Plan provides policy guidance to regional, county, and local entities, and suggests how private sector groups can help meet the goals. Finally, there are alternative suggestions for approaching the mobility issue if strategic elements in the Plan cannot be achieved to the degree assumed.

Specific actions recommended under this plan are:

Transportation System Management

- o Ramp metering and HOV by-pass lane programs.
- o Advanced signalization and coordination of key intersections throughout the region.
- o Programs of incident monitoring, control and response.

Taken together, these are expected to eliminate up to 800,000 hours of delay daily from the transportation system.

Transportation Demand Management

- o Eliminate 3 million daily work trips through work-at-home and telecommuting.
- o Encourage wider use of alternative work schedules.
- o Increase ridesharing to 1,610,000 daily work-trips.
- o Increase transit usage to 1,400,000 daily work-trips.
- o Study the implementation of user charges for congestion, peak period use, tolls, parking, fuel taxes, and emissions fees.

Transit Development

- o Work with County commissions and operators to implement all projects within the constrained program. (RTD MOS-1 and MOS-2, Long Beach, Century, Pasadena, Valley and Coast Light Rail links, and Valley Metrorail extensions; and Orange County Transitway program.)
- o Identify and create new sources of funds needed to complete the unconstrained program of transit development.
- o Work to improve regional and long range planning for transit through better coordination, funding, and delineation of responsibilities.

Highway Improvements

- o Build 1251 lane-miles of HOV and transitway lanes.
- o Build 1846 lane-miles of additions to existing highways.
- o Protect rights of way for future use.

Commuter Rail

- o Study and implement appropriate new commuter services between Los Angeles and South Orange County, Saugus, Ventura/Oxnard, and San Bernardino, and between San Bernardino/Riverside and Orange County.

Aviation

- o Increase capacity and safety of operations at existing air-carrier airports when environmental impacts can be mitigated.
- o Plan for the creation of one or more new air-carrier airports to reduce pressure on the existing system. Each of the subregions should provide environmentally acceptable capacity within its own market area to serve local short-haul demand.
- o Provide appropriate access to the region's commercial airports to meet demand and mitigate local impacts.

Goods Movement

- o Encourage increased use of intermodal services.
- o Examine trucking and its impact on the economy of the region.
- o Explore alternate peak-hour routes and schedules for trucking operations.
- o Coordinate local regulations to improve trucking access and through movement.

Ports and Maritime

- o Improve physical access by truck and by rail to Los Angeles, Long Beach and Port Hueneme.

Financial strategies for mobility: how can we afford it?

The actions listed above will require $56 billion, but the available resources will provide only $20 billion. While the Mobility Plan is expensive, it is important to remember that the costs of losing mobility are far greater.

Today, in the six-county region, congestion costs $27 million daily. By the year 2010, the daily cost could be more than $219 million. The following measures are necessary to meet the $36 billion shortfall:

(1) The highway shortfall of $4.9 billion could be met by a State gas tax, or a regional gas tax, or local sales taxes, or the addition of tolls during the peak periods in selected highways in each county, or any combination of these. All should be considered user fees except the local sales tax.

(2) The transit capital shortfall is $31 billion and is approximately 43% user-based, 37% taxation-based, and 20% value-capture. A gas tax increase, plus an increase in parking fees at employment centers, plus local sales taxes and benefit assessments, would be needed to generate the necessary funding.

(3) The capital cost of the demand-management program is $50 million and it could be totally made up through user charges on selected facilities, or raised through the partial elimination of employer-provided and subsidized parking and substitution of demand management services such as express commuter buses, park-and-ride facilities, and shuttle services.

(4) The operating and maintenance shortfall of the demand-management program totals $404 million and will be made up partially from parking fees or a farebox increase.

(5) The Gann limit on transportation funds must be removed.

(6) Gasoline taxes will need to be increased by at least 7 cents per gallon.

Financing is a critical aspect of plan implementation. Present funding is inadequate, and it must be stated that the entire plan is built on a series of actions requiring strong leadership to bring out the necessary support. A shortfall in any of the areas will put added burden on the others to help meet the overall goals, and possibly force a revision of plans if the deficiency is too great.

S.F. CHRONICLE
WED. 2-8-89

Response to Border Wars

New Regional Spirit Springs Up in Bay Area

By Frank Viviano
Chronicle Staff Writer

Only from the air, late on a clear evening, do the contours of America's fourth largest city take on coherent shape. Thirty thousand feet below, the San Francisco Bay Area is a single, unbroken belt of light, stretching from Gilroy to Sonoma County.

The airline passenger cannot see the boundaries that carve this single metropolis into nine counties and 97 municipalities, 108 separate tax districts, 24 unintegrated transit systems, four competing ports and at least five major business districts.

The bright lights mask a web of jurisdictions and endless political border wars that ensnares the entire Bay Area. So debilitating is this balkanization, say many observers, that it threatens longterm damage to the nation's most prosperous regional economy and a decline in the quality of life.

First of two parts

That threat is behind the revival of a movement that tried — but failed — to redraw the fragmented map of the Bay Area 16 years ago. For the first time since 1973, when Southern California legislators defeated a bill to consolidate key public agencies in the nine counties surrounding San Francisco Bay, "regionalism" is back on the political agenda.

"People are suddenly willing to

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Bay Area Urban Sprawl Creates 'New Regionalism'

From Page 1

discuss the 'R word' again," says Revan Tranter, executive director of the Association of Bay Area Governments.

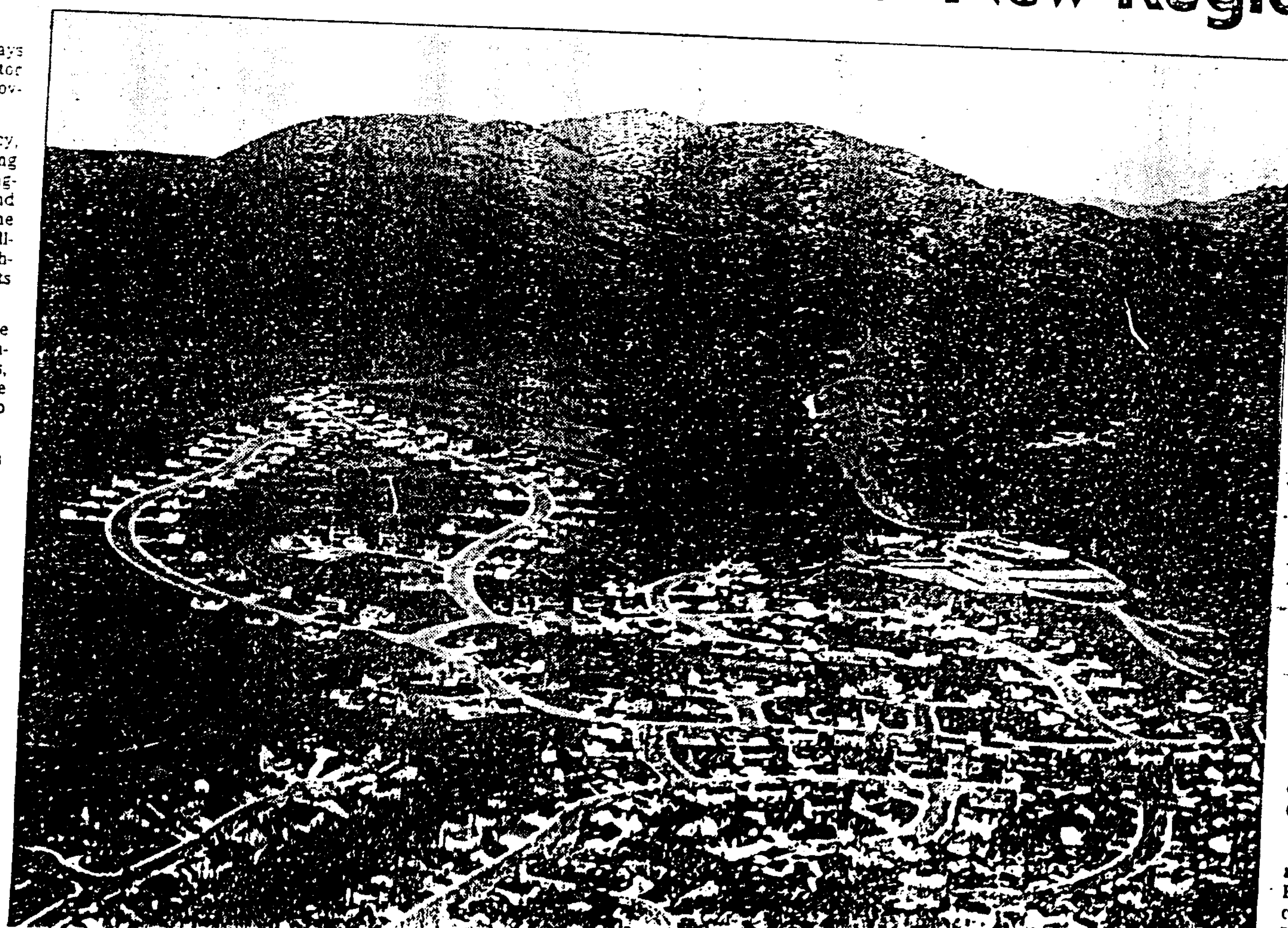
Although still in its infancy, this new regionalism is gaining strength in a world that has changed greatly over the past decade and a half. The growth problems of the early '70s have ballooned into a full-fledged, statewide crisis, and Southern California is reeling from its own regional border wars.

Today in the Bay Area, some bitter political enemies — environmentalists, corporate executives, bureaucrats and politicians — are sitting down at the same tables to consider the "R word."

They are seeking joint solutions to a regionwide crisis in housing, transportation and unplanned growth. And to an extent that would have seemed inconceivable just one year ago, there is basic agreement on all sides about what needs to be done.

To stem its decline, say these new regionalists, the Bay Area must begin managing its affairs like the single large city it has become.

"Every aspect of urban life here is becoming more crowded, more constricted," says former state Assemblyman John Knox of Richmond, who led the 1973 fight. "So the obvious question is naturally bubbling up again. Why can't we run this place in a rational fashion? We have to see the larger, regionwide picture — or we'll drown in our own crowd."



In the 16 years since regionalism's last campaign, the population of the Bay Area has zoomed from 4.6 million to nearly 6 million. This growth has produced a metropolitan region larger than the population of 40 states, and it also has produced an effect planners call "deconcentration."

Two decades ago, San Francisco was the dominant population and economic center in a region where undeveloped land seemed in infinite supply, but by the '80s outlying suburban development had consumed thousands of acres of land.

In 1964, suburban office development amounted to just 7 percent of the Bay Area's total office space of 15.5 million square feet. By 1984, suburban office development had grown to encompass 39 percent of a regional total of 110 million square feet — a staggering 25 times the figure 20 years earlier, according to researchers at the Center for Real Estate at UC-Berkeley.

Today, San Francisco, with just 11 percent of the Bay Area population, is clearly no longer the single dominant player in the region. But neither are its two major rivals, Oakland and San Jose. In fact, there is now an approximate population equity between the region's three centers, a situation unparalleled elsewhere in the United States.

The Oakland primary statistical area, as defined by the U.S. Census Bureau, covers most of the East Bay cities and has 1.9 million residents. The San Francisco ...

state Assemblyman John Knox of Richmond, who led the 1973 fight. "So the obvious question is naturally bubbling up again: Why can't we run this place in a rational fashion? We have to see the larger, region-wide picture — or we'll drown in our own crowd."

Commuting Nightmare

If the new regionalism is to succeed, it must address people like Armando Saldate, a North Beach barber whose life is a textbook case

> *'AIDS, the homeless, the environment. These simply are not matters you can address in isolation'*

in the effects that chaotic transportation and a shortage of affordable housing have had on middle class life here.

In December, after years of saving, Saldate and his wife, Sandy, who are in their mid-30s and have a 6-year-old daughter, bought a home. It is a step that many of his customers, including a steady clientele of accountants and young lawyers from the Financial District, cannot imagine themselves making — not when the median-priced home in the nine-county Bay Area sells for nearly $230,000.

What they do not know is that Saldate, who was raised in San Francisco's Excelsior District, must now spend more than four hours commuting each day from the only home the couple could afford, far from their jobs and friends. The journey takes him on an exhausting daily tour of the transit options linking San Francisco to S...

BY DEANNE FITZMAURICE/THE CHRONICLE

Developments like this one in the Dublin area cover more and more of the Bay Area with their mazelike streets

than 10 percent of their share of such housing.

The California Department of Transportation estimates that the amount of time Bay Area residents like Sandy Saldate spend sitting motionless in traffic jams has risen since 1980 by an average of 15.6 percent every year. In 1989, gridlock will consume nearly four times as many hours as it did eight years ago.

In 1987, Californians spent a staggering 300,000 hours per day in traffic jams. Not surprisingly, in April 1987, 67 percent of the region's planning departments reported to the Association of Bay Area Governments that their traffic problems were at the critical or severe stage.

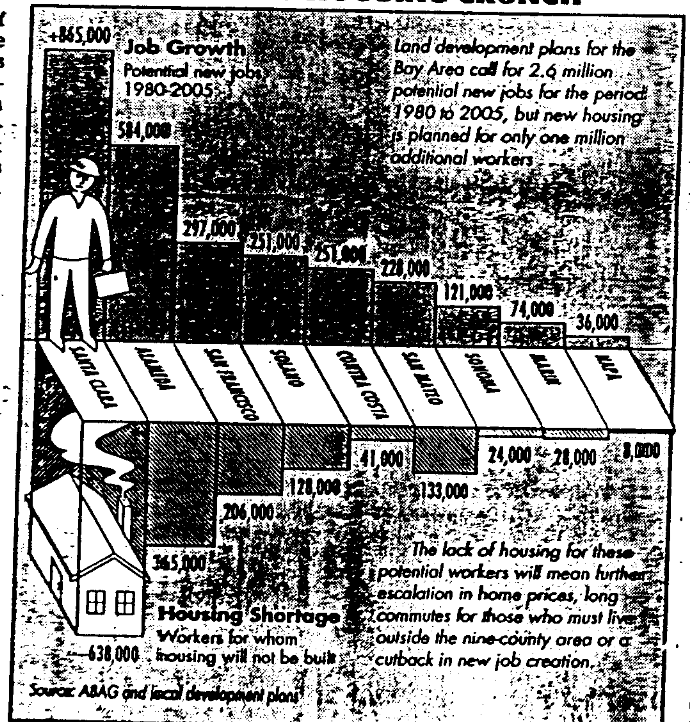
The housing and traffic problems that make the Saldate story a common tale of our time are echoed in scores of other issues, ranging from the disposal of toxic wastes to the policing of water conservation, that respect none of the region's 108 sets of boundaries.

"AIDS, the homeless, the environment. These simply are not matters you can address in isolation," says San Francisco Mayor Art Agnos. "They are all measures of our interdependence."

New Coalitions

The new regionalist vision focuses on a fundamental alteration of the Bay Area's fiscal and political structure, with far-reaching implications for everything from the price of gasoline to the size and height of construction projects ...

THE CONTINUING HOUSING CRUNCH



BY ERIC JUNGERMAN/THE CHRONICLE

Area Council and the Green Belt Alliance, a leading San Francisco-based environmentalist group.

In conjunction with ABAG, the Bay Area Council also established the Bay Area Economic Forum, whose members are drawn primarily from the ...

ranking executives of such corporate giants as Chevron, Pacific Telesis and Hewlett-Packard.

Among the environmentalists closely involved are Green Belt Alliance President Bob Mang and Executive Director ...

Transportation Commission Executive Director Lawrence Dahms, a small number of local politicians, Stanford University president Donald Kennedy, University of California at Berkeley chancellor Ira Michael Heyman, and a coterie of housing and transportation experts from the Berkeley campus.

It also involves some surprises. The Green Belt Alliance, formerly known as People for Open Space, is one of the leading environmental groups in the United States. Yet Orman, its executive director, has emerged as a supporter of concentrated highrise development in downtown San Francisco — bucking a two-decade struggle by other local environmentalists to prevent the area's "Manhattanization."

The coalition "involves some pretty odd bedfellows," says Robert Kirkwood, director of governmental affairs for Hewlett-Packard.

"When an oil company CEO — George Keller of Chevron — agrees with the proposition that taxes need to be raised on his own product, something is happening," says Siracusa.

"Growth management sentiments cut across party lines, political ideology and employment," says Peter Detwiler, chief legislative aide to the state Senate Local Government Committee, which launched a series of hearings on the regional crisis in December. "It is not a question of Democrats vs. Republicans, conservatives vs. liberals, or even labor vs. business."

"Will it come to anything?...

... elsewhere in the United States.

The Oakland primary statistical area, as defined by the U.S. Census Bureau, covers most of the East Bay cities and has 1.9 million residents. The San Francisco primary statistical area, which also includes San Mateo and Marin counties, has a population of 1.5 million. The figure for the San Jose primary statistical area, embracing most of the Silicon Valley, is 1.4 million people.

Working together, say many of the new regionalists, these three centers have the complementary strengths — and combined potential — to exert significant influence on world economics for decades to come.

However, in the absence of a regional government empowered to plan, the growth that reshaped the Bay Area economy has had no design of its own.

"There were almost no needs assessments. Just crossed fingers. No one was looking at the future," says Elizabeth Deakin, a city planning researcher at UC-Berkeley.

The crisis took decades to build, ABAG's Tranter argues, "because this place is nirvana. It's been blessed with gorgeous scenery and gentle weather, and up to now, a tremendously high standard of living that distracted us from what was happening. For years we could just lie back in our hammocks and gaze into the sunset.

"Now we've come to the stage where things are so much obviously worse — the scope of the problem so much greater, the reality of it so concrete — that we have to do something," says Tranter.

In private, few Bay Area officials disagree with that proposition. But in public, notes former Assemblyman Knox, their commitment to regionalism remains uncertain. "Politicians have provincial interests to protect. They have to stay elected in their own districts, and regionalism would necessarily ...

What they do not know is that Saldate, who was raised in San Francisco's Excelsior District, must now spend more than four hours commuting each day from the only home the couple could afford, far from their jobs and friends. The journey takes him on an exhausting daily tour of the transit options linking San Francisco to Solano County, where thousands of city workers now live.

It begins just after 6 a.m. in Vallejo with a half-mile walk to a bus stop. Next comes a 45-minute ride to the BART station at El Cerrito Norte, followed by a 45-minute train trip to San Francisco's Montgomery Street station. There, roughly two hours after he leaves home, Saldate transfers onto the Municipal Railway's 15-Kearny bus for the final leg to the barber shop.

Around the same time, Sandy Saldate is halfway into a grueling 90-minute crawl down I-80 to her job as a legal secretary in Oakland. If the evening connections are smooth, they'll both be home in Vallejo by 8.

"We have to wonder," says Saldate: "Is it worth all of this to stay here?"

The question is painfully familiar to anyone who lives in the Bay Area.

Severe Housing Shortage

In the 1980s, according to a recent report by the state Legislature, the region has generated only 16 percent of the affordable housing needed to accommodate its growing population, forcing new buyers like the Saldates farther and farther from the region's center. Some 38 of the Bay Area's cities produced less

New Coalitions

The new regionalist vision focuses on a fundamental alteration of the Bay Area's fiscal and political structure, with far-reaching implications for everything from the price of gasoline to the size and height of construction projects. None of this can happen without the express approval of the governor and the state Legislature.

The new alliance behind these proposals has bloomed in a collection of ad hoc groups, most of them formed in 1988. Some of the participants have been active for years in regionalism; others are new to it. Their meetings are open-ended and involve a cross-section of Bay Area leaders.

The most important of the groups, according to informed observers, is the Bay Area Issues Forum. The forum was launched this year by the business-oriented Bay Area Council and the Green Belt Alliance, a leading San Francisco-based environmentalist group.

In conjunction with ABAG, the Bay Area Council also established the Bay Area Economic Forum, whose members are drawn primarily from the ranks of corporate business. The Economic Forum began meeting to assess regionwide issues in October. Similar discussions have been initiated by the California Business Roundtable, a statewide assembly of industrial figures and bureaucrats, and by the Local Government Subcommittee of the state Senate.

Key Players

The core of the new regionalist movement comprises about three dozen people. On the business end, they include Bay Area Council president Angelo Siracusa, former San Francisco Foundation Director and Secretary Martin Paley, and high ranking executives of such corporate giants as Chevron, Pacific Telesis and Hewlett-Packard.

Among the environmentalists closely involved are Green Belt Alliance President Bob Mang and Executive Director Larry Orman, and Joe Bodovitz of the California Environmental Trust.

The core group is rounded out by ABAG officials, Metropolitan

... ernment Committee, which launched a series of hearings on the regional crisis in December. "It is not a question of Democrats vs. Republicans, conservatives vs. liberals, or even labor vs. business."

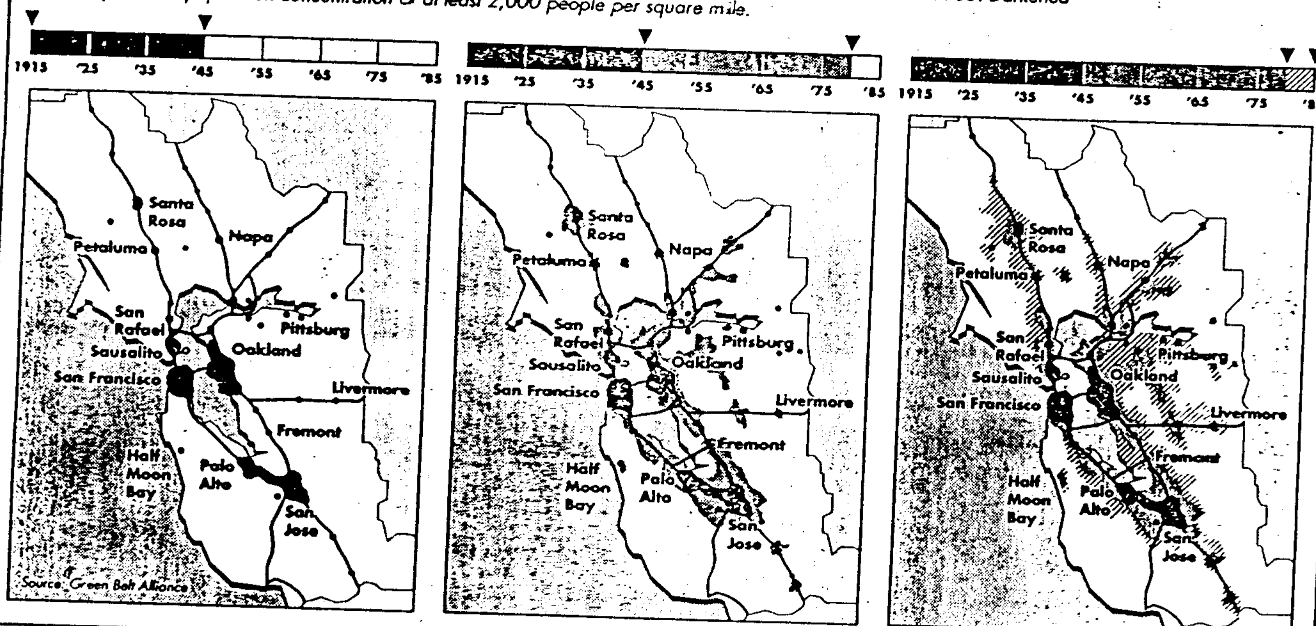
"Will it come to anything? That's still a long shot," concedes Siracusa. "But a year ago I would have said the chances were 5 in 100. Today, it's probably more like 20 to 80."

But in public, notes former Assem-blyman Knox, their commitment t regionalism remains uncertai "Politicians have provincial inte ests to protect. They have to sta elected in their own districts, an regionalism would necessaril mean that everybody has to give u some sovereignty."

Tomorrow: Obstacles to a ne regionalism.

URBAN GROWTH IN THE BAY AREA

These maps show the urbanization of the Bay Area up until 1945, from 1945 to 1980 and from 1980 to 1985. Darkened areas represent a population concentration of at least 2,000 people per square mile.



Rival Cities Told They Could Be a Team

By Frank Viviano
Chronicle Staff Writer

The East Bay vs. San Francisco vs. San Jose.

That struggle — for jobs, taxes, and international stature — is the conventional picture of the ...

with Oakland Mayor Lionel Wilson, to the Far East.

The trip gets high marks from the new regionalists. What it reflects, they say, is the fact that the Bay Area has experienced a unique ...

in the Silicon Valley. In the same 20 years, business services employment in the region zoomed by 338 percent, adding 170,000 new jobs, chiefly in San Francisco.

In 1987 ABAG's Raymond Bra...

"We'd be better off not wasting our time and money on other ports than Oakland," says Elizabeth Deakin, a planning researcher at the University of California at Berkeley. "Let industry go to the Silicon Val...

What Can Be Done To Unsnarl the Mes...

By Frank Viviano
Chronicle Staff Writer

The analogy may not be popular, but the place that the Bay Area in 1989 most resembles is New York in 1889.

A century ago, Manhattan and its immediate neighbors were separately governed municipalities locked in rivalry but linked inextricably by gridlocked bridges and ferries, economic pressures and the challenge of a vast immigration wave.

Faced with a housing and transportation crisis that involved the equivalent of only half the Bay Area's current population of 5.8 million, Brooklyn, Queens County and Staten Island joined Manhattan in forming Greater New York. Consolidation, which was legally implemented in 1898, created a metropolis that has dominated the Atlantic economy ever since.

Given political realities and public suspicion of big government, Bay Area regionalists are highly unlikely to call for New York-style consolidation — a single municipal government.

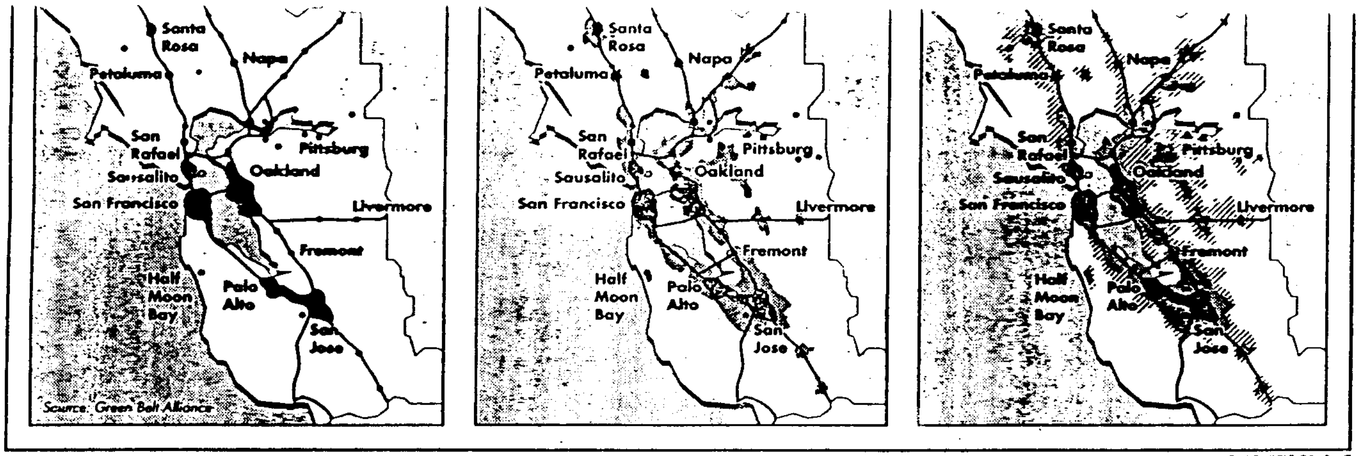
But far less ambitious proposals, now on the discussion agenda, still mark a radical departure from the status quo:

■ **Enforced planning compliance.** The ...

■ City-style density. There is general agreement that the Los Angeles model of land use, emphasizing lowrise commercial development and low-density subdivisions of single-family homes, is a luxury the Bay Area — with its limited land resources and mile-high property values — no longer can afford.

Unless the region rezones for higher densities and embarks on an expansion of compact, clustered residential developments, the new regionalists contend, there will be no solution in the foreseeable future to its festering housing shortage or highway gridlock.

■ Integrated transit systems. Round-trip travel time between the 350,000 jobs in downtown San Francisco and eastern Contra Costa County, site of one the region's largest supplies of new housing, can involve three separate, unintegrated public bus and rail systems, and can consume up to five hours. In an attempt to rationalize regional connections, state Assembly Speaker Willie Brown, D-San Francisco, and state Senator Quentin Kopp, Independent-San Francisco, have become the proponents of several proposals to merge Bay Area transit systems ...



CHRONICLE GRAPHIC

Rival Cities Told They Could Be a Team

By Frank Viviano
Chronicle Staff Writer

The East Bay vs. San Francisco vs. San Jose.

That struggle — for jobs, taxes, and international stature — is the conventional picture of the impact of growth on Bay Area power. The picture, according to many of the region's leaders, is wrong.

"It's clear that the rest of the world sees us as a regional entity, especially in terms of our economic interests," says San Francisco Mayor Art Agnos. "Overseas, and even elsewhere in the United States, people don't tend to view San Francisco separately from San Jose and Oakland."

"The real competition isn't between San Jose and San Francisco," agrees San Jose Mayor Tom McEnery. "It's between the Bay Area and Los Angeles or Seattle."

Agnos and McEnery hope to make good on their comradely assertions this spring with an unprecedented joint trade mission, along with Oakland Mayor Lionel Wilson, to the Far East.

The trip gets high marks from the new regionalists. What it reflects, they say, is the fact that the Bay Area has experienced a unique regional division of labor.

The birth of the high-technology era moved the industrial focus of the Bay Area to Santa Clara County. Older manufacturing industries failed in Oakland and San Francisco, as they did throughout the United States. But in the meantime, a vast new service sector blossomed in San Francisco, and Oakland developed into one of the world's busiest container ports.

"The three major urban centers in the Bay Area absolutely complement each other," says Gary Binger, planning director for the Association of Bay Area Governments.

The figures bear him out. Between 1964 and 1984, according to a recent ABAG study, 216,000 new manufacturing jobs were created in the Bay Area — 94 percent of them in the Silicon Valley. In the same 20 years, business services employment in the region zoomed by 336 percent, adding 170,000 new jobs, chiefly in San Francisco.

In 1987, ABAG's Raymond Brady conducted a survey of job and economic relationships which was intended to measure the degree of dependence between the industrial economy of the South Bay and San Francisco's business economy — banks, international lawyers, marketing consultants and venture capitalists. On a statistical scale in which 100 represents total dependency, the local interdependence factor turned out to be 97.

Some analysts argue that this complementary division of labor calls for a dramatic restructuring of regional relationships. The proposals have gone so far as to suggest using downtown San Francisco sales tax revenues to improve Oakland port facilities and diverting Silicon Valley tax revenues into San Mateo County highway and transit programs.

"We'd be better off not wasting our time and money on other ports than Oakland," says Elizabeth Deakin, a planning researcher at the University of California at Berkeley. "Let industry go to the Silicon Valley. We're all in this together now."

Nonetheless, regional business migration patterns fuel the perception of regional competition.

"Clearly, developments out on the 680 corridor in Alameda and Contra Costa will continue to shift some white-collar jobs out of San Francisco," says ABAG's Binger.

A December 1988 poll by The Chronicle indicated that 21 percent of San Francisco's businesses have plans to relocate, mostly to sites elsewhere in the Bay Area. About 7 percent of businesses in the other eight Bay Area counties have plans to relocate to San Francisco.

In the estimate of many planners, these trends reflect a consolidation of the region's division of labor.

The closest analogy to the Bay Area in 1989 most resembles is New York in 1889.

A century ago, Manhattan and its immediate neighbors were separately governed municipalities locked in rivalry but linked inextricably by gridlocked bridges and ferries, economic pressures and the challenge of a vast immigration wave.

Faced with a housing and transportation crisis that involved the equivalent of only half the Bay Area's current population of 5.8 million, Brooklyn, Queens County and Staten Island joined Manhattan in forming Greater New York. Consolidation, which was legally implemented in 1898, created a metropolis that has dominated the Atlantic economy ever since.

Given political realities and public suspicion of big government, Bay Area regionalists are highly unlikely to call for New York-style consolidation — a single municipal government.

But far less ambitious proposals, now on the discussion agenda, still mark a radical departure from the status quo:

■ **Enforced planning compliance.** The "teeth provision" is the most controversial of the new regional initiatives, and it takes aim at a central bottleneck in the regional crisis: so-called "fiscal zoning," which leads individual governments to slant their plans radically in favor of business development, rather than trying to create a balance between housing and industry.

"A piece of land zoned for light industry can produce 100 times the tax revenues of a parcel zoned for homes," points out Santa Clara County Supervisor Rod Diridon.

Under the circumstances, no municipality will voluntarily choose housing or infrastructure improvements over jobs, however obvious the need. "It won't happen unless you use a very tough stick or a damned sweet carrot," says Bay Area Council President Angelo Siracusa.

The Bay Area's model of land use, emphasizing lowrise commercial development and low-density subdivisions of single-family homes, is a luxury that the Bay Area — with its limited land resources and mile-high property values — no longer can afford.

Unless the region rezones for higher densities and embarks on an expansion of compact, clustered residential developments, the new regionalists contend, there will be no solution in the foreseeable future to its festering housing shortage or highway gridlock.

■ **Integrated transit systems.** Round-trip travel time between the 350,000 jobs in downtown San Francisco and eastern Contra Costa County, site of one the region's largest supplies of new housing, can involve three separate, unintegrated public bus and rail systems, and can consume up to five hours. In an attempt to rationalize regional connections, state Assembly Speaker Willie Brown, D-San Francisco, and state Senator Quentin Kopp, Independent-San Francisco, have become the proponents of several proposals to merge Bay Area transit systems.

■ **Tax reform.** To one one of the Bay Area's most bitter border conflicts, if Santa Clara permits the construction of a shopping center or business park, San Jose feels the pinch in costly traffic and housing demands. But Santa Clara keeps all the revenues. Similar conflicts have embroiled scores of adjoining municipalities throughout the Bay Area.

"You might devise an arrangement in which half of the sales tax generated by a new shopping center would go into a cross-jurisdictional, regional fund," suggests Robert Kirkwood, director of governmental affairs for Hewlett-Packard. "A stream of revenue from that regional pool could then flow back into transportation, or to communities that create housing."

Bay Area Turf Wars Stymie Attempts at Regional Planning

By Frank Viviano
Chronicle Staff Writer

Regional solutions to the problems that plague all Bay Area residents must run a gantlet of elected officials whose parochial interests help keep them in office.

In a political world where "local control" is the driving force, hundreds of mayors, city council members and county supervisors continue to plan and legislate as if the Bay Area's six million residents live and work in a collection of unrelated small towns.

"It's a risky thing, endorsing regional government," says Contra Costa County Supervisor Tom Powers, one of the few Bay Area politicians who has taken the risk.

"Regionalism conflicts with the whole idea of turf — the conventional politician's notion that 'this is my territory and I have to take care of it,' " Powers says.

"That's so ingrained in local officials that they can't face up to the fact that all the turfs are now interconnected. Turfism makes it hard to look beyond the next local hearing to a broader vision of what needs to be done. It's a conditioned reflex."

Second of two parts on a new spirit of regionalism in the Bay Area.

Revan Tranter, executive director of the Association of Bay Area Governments, refers to this reflex as the "nimey syndrome."

Nimeys, he says, are the official counterparts to "nimbys" — the acronym for "not in my back yard," which refers to voters who oppose laws or zoning revisions mandating new housing and transportation improvements if they bring changes to their own communities. Nimeys privately concede that change is necessary, but "not in my election year."

To make matters more difficult, Tranter says, "it is always somebody's bloody election year."

Bay Area Council President Angelo Siracusa, agrees that local officialdom "is the first obstacle" to achieving regional cooperation. "Whether we — or even the officials themselves — like to admit it, local government is where the action is now. And that's where they want to keep it."

A poll of local officials conducted by the Association of Bay Area Governments at its October 1988 general assembly confirms Siracusa's view. An overwhelming majority of those queried by ABAG strong-

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SF. CHRONICLE THURS. 2-9-89

San Francisco Chronicle

Thursday, February 9, 1989

Border Wars Erupt Over Regional Problems and Plans

From Page 1

y agreed that there was "a need to significantly improve the level of cooperation and coordination between local governments on issues relating to land use and transportation."

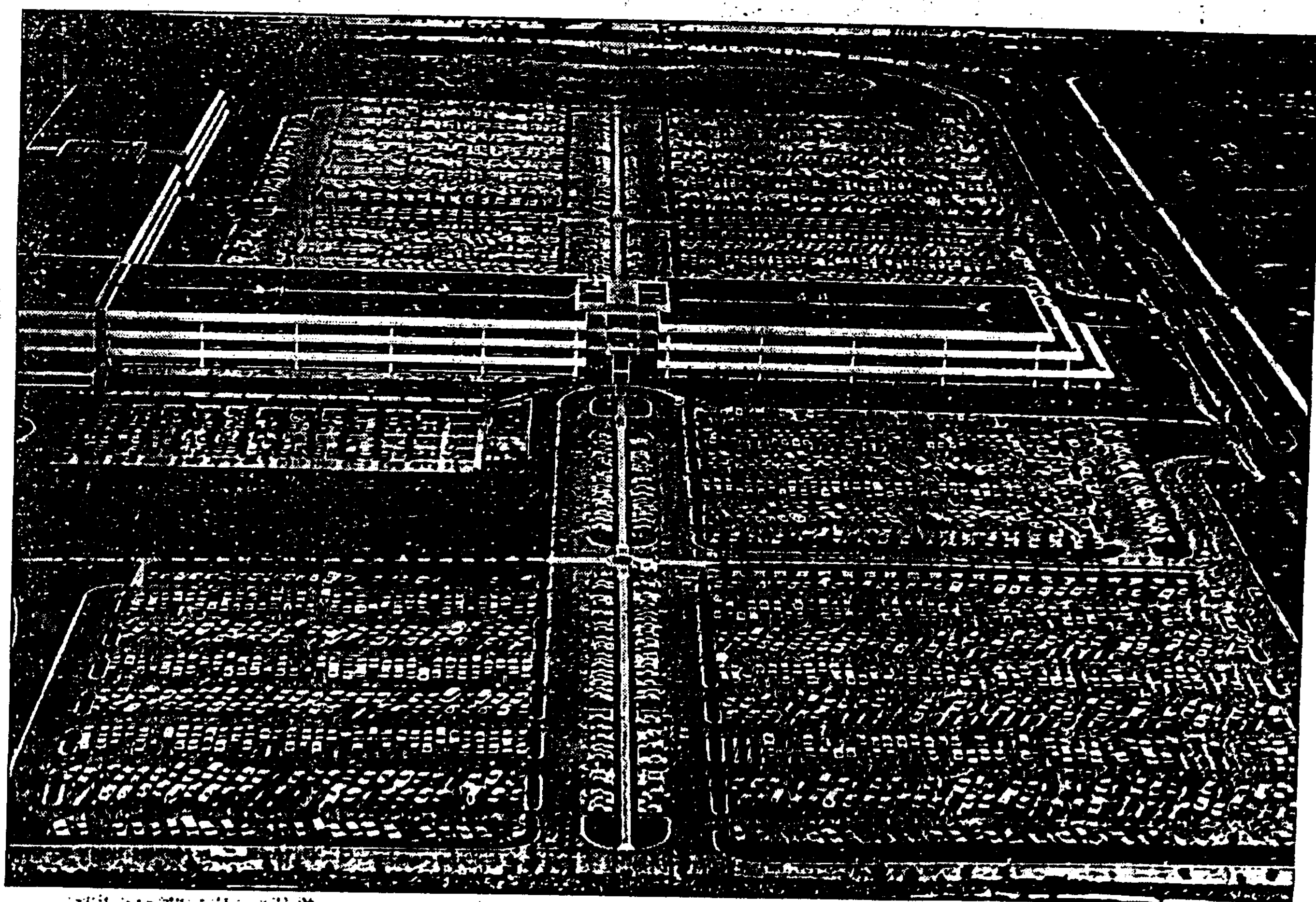
But by a roughly equal margin, he same officials were strongly opposed to "an agency with the power nd expertise to resolve local land se and transportation conflicts."

The ABAG assembly was nearly nanimous in its support for some means of resolving regional conicts — and also in its opposition to egionwide planning programs ith the enforcement power to ake agreements stick.

ART Controversy

In Powers' own back yard, controversy over regional agency preogatives erupted last year, when a ART station was proposed for the ontra Costa County city of Hercus. Responding to a vocal group of tizens who feared the station's efct on growth patterns, a majority the Hercules City Council voted sue BART over the proposal. The ove — which reminded many in e Bay Area of San Mateo County's o-decade campaign to block the tension of the regional rail sysn — provoked a split between the uncil and Powers, who sided with ART.

Growth is already here, he says, d the county's challenge is to apt to it wisely. "We forget that to complish the major goals of build-



PHOTOS BY DEANNE FITZMAURICE/THE CHRONICLE

The huge Pacific Bell parking lot in San Ramon draws commuters from throughout the 'Tri Valley' ...

San Francisco can't get a cold without Walnut Creek sneezing

Nowhere will the visions of the new regionalists be confronted with greater political frustrations than in the Silicon Valley.

Until recently, hopes for resolving one of the region's worst bottlenecks rested on the Golden Triangle Task Force, a cross-jurisdictional advisory group that included public officials from San Jose, Santa Clara, Milpitas, Sunnyvale, Palo Alto and Mountain View. Participation in the task force was voluntary.

Its goal was a consensus plan for establishing a balance between housing, traffic and employment in a congested stretch of Santa Clara County at the foot of the bay — the so-called Golden Triangle — where more than 500,000 people now work.

Although virtually all parties agreed on the nature of the crisis, the task force fell apart this year in a nasty dispute between San Jose and Santa Clara over highway financing and mandatory rules governing housing construction.

"It turned into a political football," says former Santa Clara City Councilman David Tobkin ...

and the county's challenge is to adapt to it wisely. "We forget that to accomplish the major goals of building a suitable infrastructure for our communities, things have to be done without regard to artificial boundaries," says Powers.

Scores of the region's 108 sets of municipal and county boundaries have become functionally artificial in recent years, as growth has given the Bay Area a population larger than that of 40 states.

> *'It's a risky thing, endorsing regional government'*

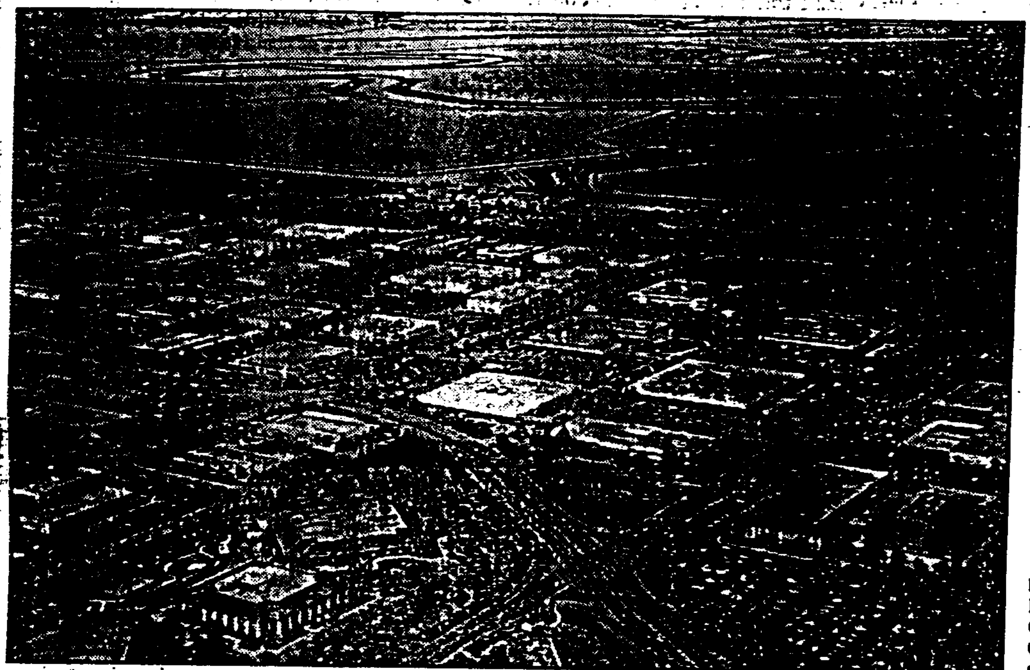
Growth, sprawl and the emergence of a tightly interconnected regional economy have made it impossible for San Francisco to get a cold without Walnut Creek and Mountain View sneezing. Yet the turf fight that pitted Hercules against Contra Costa County has counterparts across the entire nine-county region.

In many of these fights, the source of tension is a Bay Area map that is out of date. Like the old politics, the old municipal geography is no longer in synch with today's regional realities.

Major commercial and office park developments along the Interstate 680 corridor between San Ramon and Danville, for example, have drawn companies like Chevron and Pacific Telesis and thousands of jobs from San Francisco to the eastern fringe of the Bay Area. They also have created a new geographic reality — the "Tri-Valley" — cutting across two counties and the East Bay hills along Interstate 580 and Highway 24.

PHOTOS BY DEANNE FITZMAURICE/THE CHRONICLE

The huge Pacific Bell parking lot in San Ramon draws commuters from throughout the 'Tri-Valley' area



Silicon Valley's high-tech plants cluster around an intersection in Mountain View

The new reality is defined by a rapidly growing east-west commuting pattern and a corresponding need for significant civic improvements. But there is no Tri-Valley political instrument to bring them about. When the Livermore-Amador Valley Water Management Agency budgeted $12 million to double the size of a future sewage pipeline from eastern Alameda County to the bay, Oakland and San Leandro went to court.

Livermore says it cannot handle the wastewater from new, desperately needed housing without the larger sewers. Publicly, Oakland and San Leandro officials say they are suing because the sewers violate the county plan. Privately, they warn that improvements will build up the eastern suburbs at the expense of older, bayside cities.

The Tri-Valley tussle is echoed in political border wars all over the region:

■ The city of Fairfield, which has some of the region's last moderately priced housing, is eager to expand its income-producing industrial base. Job development in Solano County theoretically would reduce commuting traffic south into Alameda County. But officials in Berkeley oppose the widening of Interstate 80 to accommodate Fairfield job development.

"Berkeley's attitude," says a local planning official, "is that new highway lanes would only encourage more growth and congestion in the future — so why not bottle it up where it is and make growth of any kind out of the question?"

Gary Binger, ABAG planning director, says: "There's some truth to that perception. If you do nothing but expand the infrastructure, without the benefit of an overall regionwide plan, it probably will reproduce earlier unsatisfactory experiences."

■ Hamilton Air Force Base, in Marin County, has been ceded to the city of Novato by its former military tenants. Novato wants to build a commercial center on the site that would generate 7,500 jobs. But Sonoma County is fighting to stop the development, arguing that it will impose intolerable traffic and housing demands just north of the Marin border. Novato Councilman Ernie Gray has publicly told Sonoma officials to "mind your own damned business."

■ The Pleasant Hill BART Station lies on unincorporated Contra Costa County land just outside of Walnut Creek. The county has a plan to stimulate office development there — a proposal that Walnut Creek says will cause gridlock on Treat and Ygnacio Valley roads. Both roads, which connect Walnut Creek to Concord, are already nightmarishly crammed with traffic flowing to and from commercial developments outside the reach of the city plan.

"The obvious issue for Walnut Creek is the lack of ability to control its destiny," says Binger, who served as the city's planner for 10 years before joining ABAG in 1987. "Developments on Ygnacio Valley Road had an impact we couldn't control. It literally made no difference what Walnut Creek did."

"It turned into a political fo[otball]," says former Santa Clara C[ity] Councilman David Tobkin, who r[esigned] from the task force. "I don['t] think my constituents want anothe[r] community telling Santa Clara wh[at] to do."

"The city of Santa Clara has th[e] highest surplus of jobs over housin[g] in the Silicon Valley, and San Jos[e] has just the opposite," counters Sa[n] Jose City Councilman James Beal[l]. "Those business taxes have mad[e] them the richest city in the county. [I] don't begrudge them that — as long as they help pay for the costs o[f] growth. But they don't."

The showdown in the Golden Triangle, say the new regionalists, demonstrates precisely why some form of regionwide government, with the teeth to make planning provisions binding, is necessary.

"You can do the voluntary stuff until the cows come home — then it will all fall apart," says Elizabeth Deakin, a specialist on regional problems at the University of California at Berkeley.

As for the results of the Golden Triangle Task Force, more than three years after the group was established in August 1985, no plan has been worked out for the Golden Triangle. The local housing shortfall is now estimated at more than 60,000 units, and the snarl of traffic carrying commuters from distant subdivisions has reduced the average speed on Highway 101, its prime feeder, to a crawl.

Santa Clara County transportation engineers estimate that nearly 40 percent of all freeway miles in the county today are driven at less than 20 miles per hour.

And a single new Santa Clara industrial development, the FMC project, is expected to add another 11,000 jobs to the area in the near future.

State Laws Needed to Unite Bay Area

... jobs from San Francisco to the eastern fringe of the Bay Area. They also have created a new geographic reality — the "Tri-Valley" — cutting across two counties and

Agency budgeted $12 million to double the size of a future sewage pipeline from eastern Alameda County to the bay, Oakland and San Leandro went to court.

The Tri-Valley tussle is echoed in political border wars all over the region:

■ The city of Fairfield, which has

"Berkeley's attitude," says a local planning official, "is that new highway lanes would only encourage more growth and congestion in the future — so why not bottle it up

before joining ABAG in 1987. "Developments on Ygnacio Valley Road had an impact we couldn't control. It literally made no difference what Walnut Creek did."

And a single new Sant... industrial development, th... project, is expected to add ... 11,000 jobs to the area in th... future.

State Laws Needed to Unite Bay Area

By Frank Viviano
Chronicle Staff Writer

Turf wars are not the only obstacles in the path of regionalism. To become a reality in the Bay Area, any form of regional government must first win approval in Sacramento.

The Legislature narrowly turned back a bill by former Richmond Assemblyman John Knox to create a regional government here in 1973. Political observers on both sides of the issue say the chances any such measure would stand today turn largely on one basic question:

What kind of regional government?

The option least likely to pass is a full-scale, nine-county "super government" with broad powers. Legislators would feel heat on such a bill from a variety of constituents. In addition to entrenched local officials, it would run up against citizen suspicions of anything suggesting expanded bureaucracy.

"The devil you know," remarks UC-Berkeley planning expert Elizabeth Deakin, "always seems safer than the devil you don't know."

The proposal that was defeated in 1973 sidestepped the "big government" charge by calling for a "multipurpose, limited-function regional agency." It would have created modest regionwide land-use plans and consolidated four existing regionwide agencies: the Metropolitan Transportation Commission, the Bay Area Sewer Services Agency, the Bay Conservation and Development Commission and the Bay Area Air Pollution Control District.

The option least likely to pass is a full-scale nine-county 'super government'

"It was bitterly opposed by the far right, by people who equated regional planning with the UN and fluoridation," says Knox, who retired from the Assembly in 1980 and is now practicing law. "Still, it lost twice on the Senate floor by just a couple of

Knox believes that regionalists made a crucial error in the early '70s when they opposed a public referendum on agency consolidation. "We felt it abrogated our responsibilities as elected representatives, and we didn't think we could raise enough money to mount a campaign. But in retrospect, I think we might have had a bill with a referendum. Instead, we put back regional planning two decades."

In addition to ideological conservatives, the Knox bill was strenuously opposed by Southern California legislators who feared any precedent for growth controls.

Sixteen years later, Los Angeles is suffering from its own growth traumas, and legislative opposition from the south would be less unified. In the meantime, the perceived needs in the Bay Area have greatly expanded.

"When we talked about limited function government then," says Bay Area Council President Angelo Siracusa, "land-use authority was a much smaller part of the picture. It meant things like approving a power plant site. It didn't mean specific housing decisions."

The current discussions over the Bay Area future "go well beyond that," says Siracusa. And so would the emerging vision of limited-function regional government.

A less ambitious step would entail a new law, specifically applying to the Bay Area, to impose mandatory compliance with a regional plan drawn up by the Association of Bay Area Governments or a similar agency. Most observers, including ABAG officials, feel this step would fall short of producing solutions unless it ensured agency independence and had a solid, no-strings-attached budget.

"You need decent, stable funding to make this work," says ABAG executive director Revan Tranter, who says that the association today depends on "waving a tin cup."

Even less ambitious — and most unattractive to proponents of regionalism — would be a statewide law ordering the region's nine counties to maintain a specific balance between housing and job development.

"I've long felt that home rule is a crucial component," says Robert Kirkwood, governmental affairs director for Hewlett Packard. If the responsibility for policing regional cooperation is put in the hands of Sacramento, he warns, "important Bay Area decisions would be defaulted to elected leaders from elsewhere. I don't have much confidence that they can do it better than we can."

How Other 'Regions' Handle Their Problem...

By Frank Viviano
Chronicle Staff Writer

The San Francisco Bay Area has no monopoly on growth battles. Regional conflict over land use has emerged as a nationwide issue in the 1980s, with responses that range from the imaginative to the desperate.

Planners credit Minneapolis-St. Paul with the most imaginative approach. Its Twin Cities Metropolitan Council, under the authority of the Minnesota Legislature, is responsible for nearly all regional services to the area's 120 municipalities. These responsibilities include public transit, sewage treatment, airports and solid waste disposal.

What really sets the council apart, however, is its tax-sharing formula. Just 60 percent of the tax revenue from a new industrial or commercial development in the Twin Cities region goes to the municipality where it is located. The remaining 40 percent goes into a regional pool to defray the costs of necessary new services.

A second regional agency drawing national attention is the Metropolitan Services District of Portland, Ore.

Unlike the Twin Cities Council, whose members are appointed by Minnesota's governor, the members of Portland's regional planning body are elected. They oversee transportation, th... and garbage collection, and impleme... state-authorized "urban limits" pla... preserve open space, winning high m... from environmental organizations.

The two most celebrated exampl... the "desperate" category are the de... congested urban regions of nort... New Jersey and south Florida.

In both, the consequences of ... planning — or no planning at all — ... produced ghastly traffic crises and ... and water pollution problems. F... with the prospect of environmental d... ter, the two state governments have ... posed some of the nation's stiffest ... trols on new development.

Florida has gone furthest, enacti... 1988 law that requires approval of ... use decisions by all municipalities inv... ed and by a regional planning agency...

Surprisingly, the Los Angeles ba... is among several other urban are... looking into similar regional ... ments — mostly out of desperati... Southern California's deteriorating... quality and freeway gridlock.

A group of influential citizens th... has taken the lead, drawing up a rep... for future development called "LA 20... that endorses many of the same regio... initiatives under study in the Bay Are...